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The Commercial and FINANCIAL CHRONICLE

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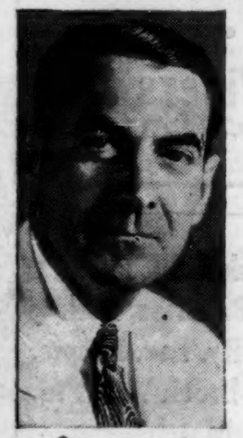
"The Spirit Of Enterprise"

"The possibilities of the future, now that industry has embraced science, are so limitless that only one forecast can be made with certainty — that the most extravagant prophecy will fall short of potential accomplishments."



Edgar M. Queeny

That is the hope which Edgar M. Queeny, chairman of the board of directors of Monsanto Chemical Company, holds forth for the postwar world in his book, "The Spirit of Enterprise" just released by Scribner's Sons. Mr. Queeny wrote the book at the request of Scribner's.

Denying the fundamental tenets of those who base their postwar plans on the theory that our economy has reached maturity and that our chief problem is to learn

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In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan and Missouri appear in this issue.

For Missouri see page 206; Michigan, page 207; Connecticut on 208.

For index see page 224.

Managing A Business For Stockholders Through The Vicissitudes Of Inflation

A well-informed management is the best hedge a corporation or its stockholders have against inflation and the deflation readjustments that follow. The management should have a full knowledge of what to expect and a flexible program constantly in the processes of readjustment to meet changing economic and political conditions and expectations. With a thorough knowledge of inflation and deflation conditions, and their effects upon business and finance the management and investor can prepare a blueprint for a flexible policy.

With the foregoing in mind Dr. Ivan Wright, Professor of Economics, Brooklyn College, wrote his article, "Managing a Business for Stockholders Through the Vicissitudes of Inflation," which appeared in "The Chronicle" of July 8. As was to be expected, numerous comments have come to hand regarding the views and conclusions drawn by Dr. Wright in this excellent article. Due to space limitations, however, we can make room in this issue for only a number of these expressions and others will appear in subsequent issues. The first group of comments are given herewith:

WILLIAM L. DeBOST

President, Union Dime Savings Bank, New York City

William L. De Bost

I have read with a good deal of interest the article "Managing a Business for Stockholders Through the Vicissitudes of Inflation," written by Dr. Ivan Wright. It seems to me that unless postwar problems are well thought out and planned for from now on, that there will be very many serious and unfortunate situations after the war. This warning by Dr. Wright is timely.

DUNCAN W. FRASER

President, American Locomotive Company

I have read Dr. Wright's article "Managing a Business for Stockholders Through the Vicissitudes of Inflation," and found it most informative.

D. W. Fraser

I am in entire agreement with Dr. Wright's advice that the most protective measures that can be attempted to avoid the effects of inflation are to be free of debt; to keep a liquid cash position and to avoid unnecessary speculation in inventories.

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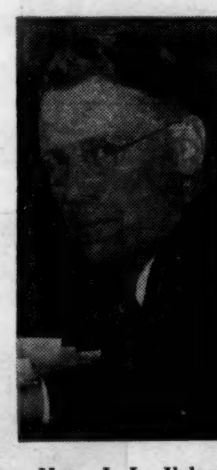
Canada Proposes Plan For International Exchange Union

Proposals Offered As Substitute For British and U. S. Currency Stabilization Programs

Tentative draft proposals for an International Exchange Union have been announced this week by Canadian Experts on Plans for Post-War Monetary Organization, who in their observation state that following their study of the British and American proposals, they are "led to make certain observations of a general character and to submit an alternative plan."

The Canadian Plan was presented to the House of Commons at Ottawa on July 12 by J. L. Ilsley, Canadian Minister of Finance. "Like the British and the American plans," the Canadian experts state, the latter's proposals are "provisional and tentative in character;" the experts further state: "they incorporate important features of both the American and British plans, and add to them certain new elements."



Hon. J. L. Ilsley

The Canadian experts in summing up their general observations, suggest that

(a) An international agreement for the establishment of an international monetary organization which involves the extension of credit is essential if international cooperation in the post-war world is to be achieved.

(b) Such machinery will deal with only one of the numerous problems which must be faced, but it is a logical and convenient starting place for joint international action.

(c) The credit made available

(Continued on page 210)

Bank Of International Cooperation: A World RFC

In an article published in the "Chronicle" of June 24, bearing the above caption, Rep. Charles S. Dewey (Rep., Ill.), a member of the House Ways and Means Committee, criticized the Keynes and Morgenthau currency stabilization plans and proposed a "Bank of International Cooperation: a World RFC," as a method of rehabilitating the financial and economic strength of other countries after the war and maintaining equilibrium of their interna-

Rep. Chas. S. Dewey

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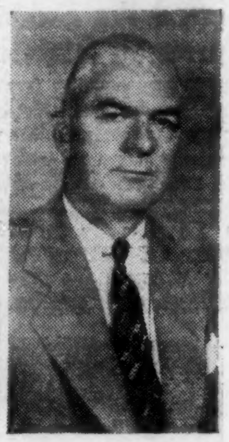
IBA Nominees For Office Are Announced

John Clifford Folger, investment banker of Washington, D. C., will head the official ticket of nominees of the Investment Bankers Association of America to be elected at the association's annual meet-


J. C. Folger


Albert T. Armitage


Edw. Hopkinson, Jr.


Vic E. Breeden


Julien H. Collins

ing in New York, November 3, 4, and 5, it was announced today by Jay N. Whipple of Bacon, Whipple & Co., Chicago, President of the association. The presidential nominee is head of the Washington investment house of Folger, Nolan & Co. and has served for the last two years as a vice-president of the association.

Others on the regular ticket, as approved by the association's Board of Governors for submission at the annual meeting, are: Albert T. Armitage of Coffin & Burr, Boston; Albert H. Gordon of Kidder, Peabody & Co., New York; Edward Hopkinson, Jr., of Drexel & Co., Philadelphia; Vic E. Breeden of R. H. Moulton & Company, San Francisco and Julien H. Collins of Harris, Hall & Company, Chicago, all nominated as vice-presidents. In the case of the first three men this represents renominations since they are at present serving as vice-presidents. Nomination is considered tantamount to election, as the selections of the Board have always been approved.

Mr. Folger has been in the investment business in Washington since 1929 and president of his present organization since 1931. He has extensive business interests in addition, being a director of the Chesapeake and Potomac Telephone Company and the Appalachian Mills of Knoxville, Tennessee, chairman of the board of the Piedmont Mortgage Company, treasurer and director of the Mayflower Hotel Corporation and president of the Cumberland Trust Company of Knoxville.

Taking an active part in war financing, Mr. Folger has served as a vice chairman of the War Savings Bond Committee of the District of Columbia, co-chairman of the Washington Victory Fund Committee and also a member of the executive committee of the

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Stock Market In Line Says Schram of NYSE

Emil Schram, President of the New York Stock Exchange, visiting the Chicago Stock Exchange, told members that neither the Securities and Exchange Commission nor the Federal Reserve Board has so much as hinted that the stock market is getting out of hand. The market has been pretty much on a cash basis, he said, adding that member borrowings have been held in line and there has been no competition with national credit needs.

Mr. Schram, who was accompanied by John A. Coleman, Chairman of the New York Exchanges, was conducted on the inspection tour by Harry M. Paine, Chairman, and Kenneth L. Smith, President of the Chicago Exchange, and Charles C. Renshaw, Chicago representative on the Board of Governors of the New York Stock Exchange.

Boenning & Co. Forms New Partnership

PHILADELPHIA, PA.—Boenning & Company, on July 12, 1943, succeeded and acquired the business of the firm of the same name which was established over a quarter of a century ago, for the transaction of a general investment and commission business in stocks and bonds. The following comprise the partners of the new firm: Albert J. Williams, member of the Philadelphia Stock Exchange and New York Curb Exchange (associate) was associated with the old firm for over ten years as a partner. Henry D. Boenning, Jr., will resume an active interest in the organization upon his return from military service. He is now serving as a Captain in the U. S. Army. Paul A. Haffner and John R. O'Connell have been associated with the organization for over seventeen years in the capacities of statistician and cashier, respectively.

Offices of Boenning & Company are located at 1606 Walnut Street.

Mid-Summer Idea Review

In the current issue of their "Preferred Stock Guide," G. A. Saxton & Co., Inc., 70 Pine Street, New York City, review a number of situations which they have outlined in previous issues as offering attractive possibilities. Copies of the "Guide," which also contains comparative figures on public utility preferred and common stocks, may be had from G. A. Saxton & Co. upon request.

Steven Taylor Joins E. H. Rollins & Sons

PHILADELPHIA, PA.—Steven P. Taylor, formerly with Salomon Bros. & Hutzler and Stroud & Co., is now in the trading department of E. H. Rollins & Sons, Inc., 1528 Walnut Street.

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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Eastman, Dillon & Co. To Open In Chicago

Eastman, Dillon & Co., members of the New York Stock Exchange, will open an office in Chicago in the Field Building on August 1. The office will be under the supervision of Alvin F. Kramer, who is expected to become a partner in the firm on that date. Mr. Kramer was one of the founders and Executive Vice-President of the Federal Securities Corporation of Chicago, leaving that firm in 1929. Since 1940 he has been connected with the Trust Department of the City National Bank and Trust Company of Chicago, from which position he is resigning on August 1 to join Eastman, Dillon & Co.

Now A Corporation

CINCINNATI, OHIO — Stanley Cooper & Co., Fountain Square Bldg., formerly a sole proprietorship, has been incorporated and officers of the new corporation are Stanley M. Cooper, President and Treasurer, R. Knecht, Vice-President and Secretary; Ralph C. Bennett is a director of the firm in addition to the officers.

Milhous, Martin And McKnight Formed

ATLANTA, GA. — Milhous, Gaines & Co., Inc. announces the discontinuance of their office in Birmingham, Ala. and the change in name to Milhous, Martin & McKnight, Inc. The company will continue its offices in the Rhodes-Haverty Building, Atlanta, and will act as underwriters, participating distributors and dealers in Southern municipal bonds, corporate bonds and stocks and local securities.

Officers of Milhous, Martin & McKnight are James F. Milhous, President; Wayne Martin and H. Neil McKnight, Vice-Presidents.

Walter Gaines Opens Own Investment Firm

BIRMINGHAM, ALA. — Walter B. Gaines has formed Gaines & Co., Inc. with offices in the First National Building to engage in a general securities busness. Mr. Gaines was formerly president of the recently dissolved firm of Milhous, Gaines & Co., Inc.

Adams & Peck Admit R. Wood & G. Perry

Adams & Peck, 63 Wall Street, New York City, have admitted Reginald Wood and George W. Perry to partnership in their firm. Mr. Wood has been associated with the firm as manager of the Boston office for more than 12 years; Mr. Perry has been office manager in the New York office for over 19 years.

Situations Of Interest

Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges, have prepared interesting circulars on Four Wheel Drive, Autocar Co. common and preferred, and York Corporation w. i., which offer attractive possibilities at current levels the firm believes. Copies of these interesting circulars may be had from the firm upon request.

OUR REPORTER'S REPORT

Day to day business of larger bond houses is running at a brisk pace judging by the comments of those who are in a position to check on the volume going through.

This business is proving decidedly helpful to underwriting firms pending resumption of corporate financing operations, a number of which are in registration awaiting the expiration of the required time between filing and offering.

Some observers feel that they can discern the beginnings of the usual shifting about of portfolios which normally precedes a heavy Treasury financing project.

The market, these people hold, indicates activity on the part of institutional investment officials toward building up cash reserves for the purchase of the Third War Loan which is due out in September.

Each day brings forth sizeable blocks of bonds and also investment quality stocks. And what is the more satisfying, there is a broad demand ready to absorb such emissions.

Substantial pieces of bonds naturally originate principally with banks, insurance companies and corporations. But estates are active too and there is reported a growing tendency on the part of the latter to attempt what amounts to an effort at "hedging" against the future.

This is done through the sale of important blocks of stock and the placing of the resultant funds into a broad list of other securities, indicating the application of the "eggs and basket theory," it appears.

N. Y. Excess Reserves

Excess reserves, as such, of member banks in the New York area have virtually disappeared in recent months, but without evidence of creating any undue strain on the general banking picture in the area.

The banks' ability to go along practically without excess funds becomes clear if one happens to have run across the explanation of the situation as set forth in the July letter of the National City Bank of New York.

As the bank points out, the institutions in the area are substantial holders of highly liquid short-

(Continued on page 219)

Tomorrow's Markets Walter Whyte Says—

Market action, in face of good war news is poor. Many stocks now in selling area or close to it. If news market construes as good does not occur soon, watch out for reaction.

By WALTER WHYTE

The entire market, with rare exceptions, gave a poor performance last week. Its indifference to the war news resulting from the invasion of Sicily is amazing. One reason is that the market is not concerned with isolated battles—and an invasion is just another battle in a war—unless the battle itself is decisive, that is, decisive to the extent that it points to a crisis that may mean the imminent end of hostilities. The invasion of Sicily, while important, does not, according to the market, mean a turning point in our European war no more than the successful invasion of Guadalcanal meant an end in that theatre of war.

* * *

At the beginning of this column I said the market acted poorly, with a few exceptions. The characterization of its behavior was not so much that it didn't decline but rather because it didn't advance. Last week there were stocks all over the board which gave every indication of renewed strength. The fact that they did not live up to their indications must be regarded as evidences of failure.

* * *

The air transport stocks, which have been outstanding performers for some time, got added news fillips last week which should have added a

(Continued on page 219)

President Charges Congress With 'Encroachment' In Rider To Pay Bill

President Roosevelt signed on July 12 the $143,000,000 Urgent Deficiency Bill designed to supplement appropriations of various agencies. This bill carried $89,000,000 in reappropriations of Presidential emergency funds and included a rider providing for the dropping of three Federal workers unless they have been nominated by the President and approved by the Senate before next Nov. 15. The three employees are Robert Morss Lovett, Government Secretary to the Virgin Islands Government, and Goodwin B. Watson and William E. Dodd, Jr., of the Federal Communications Commission.

At his press conference on July 13, the President disclosed that he will send a message to Congress after it reconvenes in September objecting to this rider. He called the attachment of this rider an unwarranted encroachment on the executive and judicial branches of the Government. The President, reading parts of a message which he will later send to Congress, said that the measure was virtually a bill of attainder, in that it provides the punishment without judicial trial. He said he would have vetoed the bill except for the fact that it contained funds for essential governmental functions.

The President said the rider was unconstitutional, unwise and discriminatory, adding that, in his opinion, it was not binding on either the executive or judicial branches of the Government.

During the course of debate on the bill, the House voted several times that the three Government employees be stricken from the Federal payrolls. However, the Senate was almost as insistent that they be kept on the job, but in the end yielded to a compromise plan under which dismissal of the three would be delayed until Nov. 15, at which time Presidential appointment and Senate confirmation would be required to permit them to continue. The funds appropriated in the bill were chiefly for overtime pay due to Federal workers.

Have You Host Or Parasite?

The address—"Have You Host or Parasite?"—delivered by Arthur C. Knies before the Massachusetts Savings Banks Association is now ready for general distribution and copies may be had upon request from Vilas & Hickey, 49 Wall St., New York City, members of the New York Stock Exchange.

Allan M. Pope Heads N. Y. Welfare Council

Col. Allan Melvill Pope, President of the First Boston Corp., at a special meeting of the directors, was elected President of the Welfare Council of New York City, succeeding the late Alfred H. Schoellkopf. The Welfare Council is a federation of 700 New York health and welfare agencies, both public and private.

Colonel Pope is a governor of the Investment Bankers Association of America and was President from 1933 to 1935 of the American Acceptance Council.

Maynard Murch & Co. Admits Six Partners

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Frank E. Baker, W. Yost Fulton, Wilson C. Handyside, Frank B. Reid, Jack R. Staples and D. J. Wilkinson have been admitted to partnership with Maynard H. Murch, member of the Cleveland Stock Exchange, in Maynard H. Murch & Co., 925 Euclid Avenue. All new partners were formerly associated with the firm for some time.

Senator Wiley Warns U. S. To Be Cautious Of World Food Planners

The Interim Commission of the United Nations Conference on Food and Agriculture is scheduled to begin its formal sessions in Washington today (July 15) in response to a call from Secretary of State Hull.

Senator Wiley (Rep., Wis.) pointed out on July 12 that this international food-planning group begins its sessions in a country whose food situation has been brought to an almost hopeless crisis by administration bungling, at least some of which he called "deliberate."

This was reported in a Washington dispatch of July 13 to the New York "Journal-American" by its correspondent David Camelon, who in his advices added:

"And in that fact, Sen. Wiley warned, there is matter of grave concern for the American people. He said:

"It will be well for all America to be on the alert and see what this international organization is about.

"When we see how, on the home front, the planners have 'missed the boat,' we must make sure now that America is not precipitated into a world-planning scheme that will do to us in a world sense what the planners have done to us on the home front."

The program before the Interim Commission will be, it is charged, a projection into the realm of international socialism, just the type of planning which the Senator assailed on the home front.

In America itself, the Senator said, if next Winter the people are short of vital vegetables and fruits, they must realize that "it is due entirely to the inadequacy of government agencies."

The Interim Commission is made up of 44 members, one representing each of the Nations which participated in the recent conference at Hot Springs, Va., detailed reference to which appeared in our issue of July 5, page 50.

L. M. Marks Admits Lovell And Perdun

Laurence M. Marks & Co., 49 Wall Street, New York City, members of the New York Stock Exchange, announced that David W. Lovell and Winfield H. Perdun have been admitted to general partnership in their firm. Mr. Lovell has been associated with the firm for ten years, previously having been with Graham, Parsons & Co. Mr. Perdun, who has been with the firm for eight years, formerly was associated with Young & Ottley.

Admission of Mr. Lovell and Mr. Perdun to partnership in the firm was previously reported in the "Financial Chronicle" of July 1st.

Reorganization Rail Outlook Interesting

The post-war outlook for rail reorganization bonds offers interesting possibilities according to a special factual and statistical comparison of the present and post-war prospects for 18 leading railroad systems prepared by Raymond & Co., 148 State St., Boston, Mass. Copies of this report may be had from the firm upon request.

Railroad Securities

One of the most consistently strong spots in the railroad stock group has been Atchison, Topeka & Santa Fe common, hitting new highs consistently regardless of intermittent periods of uncertainty in the general list. The recent price above 61 is a far cry from the experience of the stock a few years ago when British holdings were being liquidated and it was difficult to find any broad buying interest at prices under 20. Despite the very substantial recovery, rail men still view the shares as possessing attraction for further price enhancement and for liberal yield.

It is considered that the recent dividend rate of $1.50 is safe at least for the duration of the war period of swollen railroad business, and that developments in the intervening years preclude the likelihood of a later repetition of the uncertainties of 1938 when payment of one semi-annual coupon on the Adjustment bonds was postponed. That action on the part of the management (considered by most people as unnecessarily cautious) was the major factor in the road's fall from investment favor and the subsequent slow recovery of confidence. In fact it is only in recent months that this one temporary lapse of the company has faded into the background, overshadowed by the long term record of prosperity, the high current earnings of the property, and the excellent financial job being done by the management.

Despite the fact that Atchison's debt structure had always been considered as eminently sound, the management has been following the same program as the marginal carriers whose very salvation depends on debt retirement. The latest step has been the call for redemption, on September 1, of the California-Arizona Lines 4½s, 1962, outstanding in the hands of the public in the amount of approximately $28,300,000. This will eliminate the last of the road's debt outstanding carrying a coupon higher than 4%. The company will then have only two other callable bond issues outstanding, $22,545,000 of Transcontinental Short Line 4s, 1958 and $8,501,000 of Debenture 4s maturing in 1955 and 1960. There is a general feeling, supported by the management's policies to date, that both of these issues will probably be called for redemption some time in 1944, leaving the company with only two bonds outstanding, the $151,934,500 General 4s 1995 and the $51,346,000 of Adjustment 4s, 1995, in addition to the regular serial equipments. Both of these issues are non-callable.

With the call for redemption of the California-Arizona Lines 4½s the total of fixed and contingent charges will be reduced to roundly $10,100,000. Retirement of the balance of the callable bonds, considered likely next year, would reduce the total annual requirements to below $8,000,000. Of these amounts $2,053,840 would represent interest on the Adjustment 4s, payment of which is not a fixed requirement but contingent on earnings. Three years ago the total of fixed and contingent charges amounted to more than $13,250,000. With the reduced charges it is difficult to conceive of conditions under which Atchison's credit standing could be questioned in the future.

That the further debt retirement mentioned above is entirely feasible is obvious from the present earnings and financial status of the company. The April 30 balance sheet showed cash items and receivables (most of the latter believed due from the U. S. Government) of more than $180,000,000. Net working capital, after allowing for the large tax liability, amounted to $78,868,826, up more than $30,000,000 from a year earlier. The road continues to show year-to-year gains in net operating income and while taxes will undoubtedly take a heavier toll in the last half of the year, net income for all of 1943 should run between $70,000,000 and $75,000,000. This would leave a balance of at least $49,000,000 available for capital expenditures and debt retirement after a $6.00 dividend on the common.

With this background it certainly seems that an even more liberal evaluation of current earning power would be fully justified. Earnings last year amounted to $27.79 a share of common and should run between $26.00 and $29.00 a share this year.

Missouri Brevities

The past several weeks have witnessed one of the dullest periods in **municipal** financing in Missouri for many years. No issues of importance have been sold and little increase in activity is expected over the near term. While trading volume has been small, transactions have been at increasingly higher prices.

The Executive Committee of the Mississippi Valley Group has nominated **Roy A. Dickie, Vice-President of Whitaker & Company, St. Louis,** for a three-year term on the **Board of Governors** of the **Investment Bankers Association of America.** Nomination of the Regular Ticket is tantamount to election.

James F. Quigg, manager of the bond department of the **Mississippi Valley Trust Company, St. Louis,** will become associated with **Paine, Webber, Jackson and Curtis** in their **Chicago** office effective August 1. A graduate of Northwestern University, Mr. Quigg joined the bond department of the Mississippi Valley Trust in the Chicago office 21 years ago, later moving to Kansas City. In 1924 he entered the municipal buying department in St. Louis and since then has held various positions until his appointment as manager of the bond department in 1936. He has been very active in the Investment Bankers Association, having served in some official capacity each year since 1927, and at present is a member of the Board of Governors. His work with Paine, Webber, Jackson and Curtis will be co-ordinating municipal bond sales among the company's midwestern offices.

Considerable interest is being shown in the announcement by the Kansas City press that the **Long-Bell Lumber Company** will shortly replace all its $50 par common stock, represented by certificates of interest, through issuance of $5.00 par capital stock, resulting in a 10 for 1 split-up. This will eliminate fractional interests and will increase the floating supply of stock to about a million shares, the control being held by the Maryland Corporation, whose stock is listed on the New York Stock Exchange. The company has done a remarkable job since emerging from bankruptcy in 1935, having paid off $4,500,000 owed to banks, and through purchase or redemption has completely retired $20,158,800 of preferred stock.

While the bulk of **Missouri war contracts** covering 1942 operations are still to be **renegotiated,** announcement regarding the results of two such programs are of particular interest to Missouri dealers.

Curtis Manufacturing Company, under date of Jan. 22, 1943, advised stockholders that after provision for all taxes and setting up a reserve for post-war contingencies, earnings in the fiscal year ended Nov. 30, 1942, were $484,397, equal to $2.50 per share of common stock. The report stated that the earnings were subject to renegotiation but that "in view of the impossibility of making even an approximate estimate of the effect, if any, of contract renegotiation . . . . your company has set up no reserve against this specific contingency." Upon conclusion of renegotiations the company recently issued a "revised" statement showing that the Price Adjustment Board had determined that $1,053,000 (before deduction of income and excess profits taxes) must be refunded. After giving effect to these changes, earnings were reduced to $192,748, or $1.00 per share.

In contrast, the earnings of the **McQuay - Norris Manufacturing Company** were reported to stockholders under date of March 12, 1943, as amounting, after taxes, etc., to $610,437, equal to $5.34 per share of common stock in the year ended Dec. 31, 1942, as compared with $541,817, equal to $4.74 per share in 1941. The report stated that although preliminary conversations had been held with the Price Adjustment Board no conclusions had been reached, but that readjustment of earnings was not expected to be necessary. The company has recently been notified by Washington that its last year's profits are not subject to any refund.

These cases illustrate the difficulty of appraising stock values of companies holding large war contracts until renegotiation has been completed, which in all probability will be many months after the reports have been released. A speeding up of the process would be welcomed by the corporations concerned, investment dealers and their clients.

National Candy continues to dominate trading activity in St. Louis, with a further wide gain in price to a recent high of 30½. Rumors link the company and General Foods in a possible deal for the Clinton Company, corn products division. Usually well-informed sources indicate that National Candy received a proposal for the subsidiary company's stock some time ago but that the offer was rejected as unsatisfactory. Company officials have denied the existence of any pending deal.

Chicago and Southern Air Lines, Inc., common, common v.t.c. and option warrants have moved up sharply on increased trading activity. Missouri dealers familiar with the progress of the company since formation, are optimistic regarding the post-war outlook for expansion of air traffic and believe that Chicago and Southern occupies a strategic position both from a domestic position as well as a foreign point of view. Among the many applications which the Company has made to the Civil Aeronautics Board for additional routes, the one which kindles the imagination of the post-war picture is the proposed Trans-Alaskan air route between Chicago and Singapore. Common and common v. t. c. are quoted 16-17½; option warrants 8¼-9¼.

Comparison of the **downtown St. Louis Bank** statements issued as of June 30, with the figures as of December 31, 1942, reveals that earnings are about the same as in the first half of 1942 with small gains predominating. Prices are steady to a little higher. Dealers report a good retail interest.

KANSAS CITY PERSONALS

Several of the Kansas City bond firms have been badly hit by the war: **Soden & Company** have announced that they have closed for the duration due to loss of personnel. Word has been received that **Lieutenant Hoyt Purcell,** of **Martin, Holloway & Purcell,** has landed in England. **Major W. W. Holloway** is at the national headquarters of Selective Service System at Washington, D. C., while **Lieutenant Donald D. Belcher** of the same firm is at Laurinburg-Maxton Airfield, Maxton, North Carolina.

William F. Rothwell, who has been associated for 25 years with the Bond Department of the Harris Trust & Savings Bank, Chicago, will be identified after August 1 with the investment department of the Bruce Dodson Insurance Company.

Situation Looks Good

Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo., have prepared recent analyses on York Ice preferred and York Corporation common w. i., which they believe offer interesting possibilities. Copies of these circulars may be had from the firm upon request.

Mader With B. C. Christopher

(Special to The Financial Chronicle)

KANSAS CITY, MO.—Edward G. Mader has become associated with B. C. Christopher & Company, Board of Trade Building.

Mixter & Company Is Formed In Boston

BOSTON, MASS. — Announcement is made of the formation of Mixter & Company, members of the New York and Boston Stock Exchanges. The new firm, successors to Chandler Hovey & Co., will occupy the same offices at 82 Devonshire Street, Boston, where the predecessor firm was located.

Samuel Mixter, George H. Lyman, Jr., C. Terry Collens and Wellington Wells, Jr. are the partners in the new firm. Messrs. Mixter, Collens and Wells were former partners in Chandler Hovey & Co. Mr. Lyman, the new partner in the firm, has been in the investment business in Boston for over 24 years. Messrs. Collens and Wells are now serving in the United States Navy. Mr. Mixter holds memberships in the New York and Boston Stock Exchanges and is an associate member of the New York Curb Exchange.

Formation of Mixter & Company was previously reported in the "Financial Chronicle" of July 8th.

Interesting Situations

Scherck, Richter Company, Landreth Building, St. Louis, Mo., have prepared interesting descriptive circulars on Berkshire Fine Spinning Association, Boston & Albany Railroad, Chicago and Southern Air Lines, Chicago, Wilmington & Franklin Coal, Consolidated Dearborn, Inc., Kansas City Public Service, Lowell Bleachery, Marathon Paper Mills, National Oats Co., St. Louis Public Service, Steel Products Engineering Co. and U. S. Print & Lithograph. Copies of the circulars on these issues, which the firm feels offer attractive possibilities at present levels, may be had from them upon request.

Puget Sound Power & Lt. Interesting Speculation

Puget Sound Power & Light Company offers interesting speculative possibilities under the Recapitalization Plan, which is expected to be operative on Sept. 13, 1943, according to a detailed study prepared by H. L. Federman of Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

Attractive Situations

Blair F. Claybaugh & Co., 72 Wall Street, New York City, members of the Philadelphia Stock Exchange, have prepared interesting circulars on Ft. Dodge, Des Moines & Southern Railway (4s of 1991 and common), Utica & Mohawk Valley Railway (4½s of 1941), and Consolidated Dearborn (common), which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had upon request from Blair F. Claybaugh & Co.

N. Y. Title and Mtge. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates originally issued and guaranteed by New York Title & Mortgage Co.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

Municipal News And Notes

(Continued from page 218)
of the Commission. Cash has already been deposited with the fiscal agent of the Commission to meet the maturity and semi-annual interest payment due September 1, 1943. The Commission has no floating debt.

Montreal Offered Refunding Plan By New York Bankers

F. S. Moseley & Co., New York City, have submitted a plan to the City of Montreal, Quebec, for the general refinancing of the city's outstanding funded debt of approximately $231,000,000, it was announced July 9 by J. O. Asselin, Chairman of the Municipal Executive Committee.

The above-mentioned total includes a relatively large amount of debt on which the city has been in default for several years. The plan covers 15 pages and, according to Mr. Asselin, "it takes into full consideration the whole picture" of the city's debt. Details of the proposal, he said, would not be made public until it had been given further study by the Executive Committee.

Similar proposals are anticipated from other sources, it was said, although the plan by Moseley & Co. is reported to have held to specifications which a member of the Executive Committee had outlined in granting the investment house a 30-day guarantee that the city would accept no plan until the firm's proposal had been studied.

The company, according to report, agreed to provide for the refinancing of the city's debt at an average interest rate lower than 3½% and not to insist upon a budget-control bureau. About one-third of the outstanding debt is callable in United States funds, city officials pointed out.

Omaha Expected To Acquire Utility Soon

The City of Omaha, Neb., is expected to act soon toward acquiring properties of the Nebraska Power Company, virtually all of the outstanding common stock of which is held by the parent company, the American Power & Light Co., according to a report in the New York "Journal of Commerce" of July 12. The bill authorizing the city to take over the utility properties was signed by Governor Dwight Griswold on May 29. However, it was approved by the Legislature by less than a two-thirds majority, and for this reason a waiting period of 90 days was necessary under Nebraska laws before the measure could be effective. A provision in the bill specifically removes the present authority of the Metropolitan Utilities District of Omaha (gas and water) to take over and operate any electric utility the city might acquire.

Situation Interesting

The current situation in Standard Silica Corporation offers interesting possibilities, according to a memorandum issued by Faroll Brothers, 206 South La Salle Street, Chicago, Ill., members of the New York Stock Exchange and other principal exchanges. Favorable points, the company feels, are the fact that it is an excellent inflation hedge and has a very small post-war change over or renegotiation. Copies of this memorandum may be had by interested dealers upon request.

Congress Adjourns Until September 14

Congress adjourned on July 8 until Sept. 14—this representing the first extended recess it has taken since the outbreak of the war in September 1939.

The adjournment resolution, adopted by the Senate and the House went into effect at 6:33 p.m. EWT. Congress could be called back from its two-month recess at any time by President Roosevelt, by the President of the Senate and the Speaker of the House, or by joint action of the majority or minority leaders if in their opinion legislative expediency should warrant it.

It was noted in Associated Press accounts from Washington July 8 that:

"The subsidy fight and struggles over appropriations for the Office of Price Administration and the Office of War Administration had marked the pre-recess period as one of the bitterest sessions in years.

"Speaker Rayburn addressed the House before the final gavel.

"'I'm glad you're going to have a holiday,' he said. 'After more than 30 years here, I can say there has never been a more faithful Congress assembled than the one in which you serve.'"

Federal Court Denies SEC Motion To Enjoin Investors Syndicate

A motion by the Securities and Exchange Commission for a temporary restraining order to prevent Investors Syndicate, Investors Mutual, Inc., and Investors Syndicate of America from making cash surrender and loan payments to certificate holders was denied by Judge Gunnar H. Nordbye in Federal Court in Minneapolis, who said in his ruling that the showing did not seem to justify such drastic measures and moreover had been insufficient to warrant the court assuming that the defendants would not faithfully account for all moneys paid for such purposes. The order had been sought by the SEC as a preliminary to a complaint instituted by the Commission charging "gross misconduct and gross abuse of trust" in the sale of securities and certificates to investors over a period of fifteen years. Edward H. Cashion, SEC attorney, declared that the denial would not stop continuance of the action.

E. E. Crabb, President of Investors Syndicate made the following statement:

"The decision by Judge Nordbye against the Securities and Exchange Commission in its suit for a restraining order against our company is naturally gratifying to us. The companies will proceed in all respects to carry on their business as usual, keping intact a record of nearly 50 years of meeting all obligations promptly when due.

"The confidence shown by our certificate holders during the progress of this suit has been exceedingly gratifying."

Five Selected Portfolios

Putnam & Co., 6 Central Row, Hartford, Conn., members of the New York Stock Exchange, have prepared five selected portfolios representative of America's five major fields of business, covering enterprises which can convert quickly to peacetime pursuits with little or no delay and which are at present engaged in activities essential to the nation. Copies of a most interesting circular describing these five portfolios in detail may be had from the firm upon request.

Michigan Brevities

Detroit's bank deposits passed the two billion mark for the first time in the city's history, reflecting the tremendous job being done by war industries here.

There is no question but that the millions upon millions of dollars expended for war materials are primarily responsible for the sensational increases in bank deposits and also that the banks are doing a tremendous job handling vastly swollen financial transactions with staffs hard hit by draft and other war manpower diversions.

Despite the most of extra services and issuing of thousands of war bonds, the Detroit banks have managed to maintain earnings and in most cases have shown good gains in this respect also.

The National Bank of Detroit in its June 30 statement reported deposits of $1,028,809,000, passing the billion mark for the first time. A year previously, the total was only $773,000,000. Earnings of the bank in the first six months amounted to $1,520,294, equal to $1.52 a share. This compares with earnings of $2,762,376 or $2.76 a share for the entire year of 1942.

The Manufacturers National Bank of Detroit showed deposits of $392,631,358, as of June 30, a gain of over 63 millions for the six months' period. The bank's earnings for the half year amounted to $494,805 or $8.23 a share as compared with $674,991 or $11.25 a share in the entire previous year.

The Detroit Bank reported a six month increase in deposits of $44,000,000 to $356,127,395 and earnings during that period amounted to $532,000 or $4.69 a share. This would compare with $9.17 a share earned in the previous full year.

The Commonwealth Bank had a $19,000,000 increase in deposits during the six months to $138,980,058 and earned $489,379 or $9.78 a share. Earnings in the previous full year were $849,285 or $16.27 a share.

Despite this improvement in bank earnings, the stocks of these institutions have shown little improvement in the last 30 days. The National Bank of Detroit is quoted 36¼-36¾, only a fraction higher in four weeks. The Manufacturers National is 135-145 with little or no stock available. Death of Edsel Ford, largest single stockholder, had virtually no effect on the price. The Detroit Bank is quoted 67-68½ for a fractional gain and the Commonwealth Bank is 120-125 with sales reported at the latter figures.

* * *

In the news was the capital stock readjustment plan of **Crowley, Milner & Company**, one of the large Detroit department stores.

The company filed a registration statement with the SEC covering $1,245,600 of 4% debentures dated July 1, 1943, to be offered only to prior preference stockholders.

A similar statement was filed covering $996,500 in 5½% sinking fund debentures, dated May 1, 1933, and due May 1, 1946, as extended and modified to Oct. 31, 1952, under a plan of debenture adjustment and agreement dated April 1, 1933.

Under the plan, the company will offer in exchange for each share of prior preference stock and accumulated unpaid dividends, $40 of the 4% debentures and $10 cash. There are $31,140 shares of the stock now outstanding.

The debenture adjustment and deposit agreement calls for the deposit of debentures by those who agree to go along with the plan, at either the Detroit Trust Company or the Bankers Trust of New York and accept as receipt certificates of deposit for which a registration statement was also filed.

* * *

The Defense Plants Corporation announced that it had increased its contract commitment to the Packard Motor Car Company by $16,500,000. This brings the total overall commitment to $45,000,000.

At the same time the RFC subsidiary revealed that the Chrysler contract was also increased to allow for purchase of additional equipment, although the amount was not made public.

* * *

Incorporation of the Interlake Chemical Corporation for the purpose of processing chemicals recovered from the distillation in by-product coke ovens was announced by **George R. Fink, President of National Steel Corporation** and its subsidiary, Great Lakes Steel.

The new corporation will have an authorized capital of $5,000,000 and will be jointly owned by Interlake Iron Corporation of Chicago and the Great Lakes Steel Corporation of Detroit.

Interlake's Chicago tar distillation plant has been in operation for three years and its tar acid and naphthalene plant, now under construction at the same location, have been sold to the new corporation.

Stoetzer, Carr Co. Formed In Detroit

DETROIT, MICH. — Stoetzer, Carr & Co. has announced the formation of a new partnership at 2056 Penobscot Building to deal in listed and unlisted securities with a membership on the Detroit Stock Exchange.

The general partners, Robert R. Stoetzer and Howard F. Carr and their associates, C. S. Dorst, George L. Faulkner, Russell D. Hudson, Jerome E. J. Keane, and Percy P. Newman, were all affiliated with Keane and Co., which was dissolved June 30; Helen L. Faulkner, Seward N. Lawson, E. H. Fletcher, and W. C. Martin are special partners in the firm.

Robert R. Stoetzer will be in charge of the Trading Department and George L. Faulkner will manage the Bond Department.

Well known in the securities business here, Mr. Stoetzer's experience also covers a period of years with New York Stock Exchange houses. Mr. Carr was formerly Manager of the Investment Department of the Monongahela West Penn Public Service Co. in West Virginia, also with Underwriters in New York and later District Sales Manager of Hearst Consolidated Publications, Inc., in charge of the sale of Hearst "A" stock in Michigan.

Detroit Tax Collections Reach All Time Peak

As of the end of the fiscal year, June 30, 1943, the City Treasurer of Detroit, Mich., reports the current tax collection of 93.97% is an all-time peak, the previous record having been made in 1923 when 96.31% was collected. 1941-42 collections were 95.07%. It is also announced that the $4,600,000 carry-over deficit has been entirely eliminated. Four years ago this amounted to $14,000,000. For the first time in a decade it was not necessary for the city to do any short term borrowing prior to collection of new taxes during the summer.

Connecticut Brevities

The Connecticut municipal bond market is probably now at an all-time high level—with a minimum of offerings in the market. Near the close of the first half of this year, a small block of State of Connecticut 1½% bonds due in 1967 were sold on a 1% basis, the highest price on record in this country for a tax-exempt security of this maturity. So far this year, new financing totals $620,000, and the only additional issue in prospect is a $100,000 issue of the City of New Britain sewer bonds which will probably be offered for sale soon.

Dividend payments made by 49 Connecticut concerns during the first six months of 1943 totalled about $19,550,316 against $20,565,204 paid in the corresponding period in 1942. Bank and insurance dividends continued at the same rate, decreases being recorded in the industrial and utility groups. Principal reductions were in amounts paid by Colt's, North & Judd, Peck Stow & Wilcox and Torrington Company in the industrial field, and by Southern New England Telephone and Connecticut Light and Power in the utility category.

Among those to increase dividend payments were Niles-Bement & Pond and Greenwich Water, Pfd.

At current prices, the aggregate market value of locally traded issues is the highest since September 1941. Six fire insurance stocks have advanced 14% since a year ago, while six life insurance companies have gained 37% in the same period. During the past month, there has been no drastic change in the local market. **Hartford Fire Insurance** was among those showing the greatest advance.

* * *

Landers, Frary & Clark presents another outstanding example of switching to wartime production. The manufacturers of household electrical appliances faced a more drastic conversion problem than any other type of industry.

In 1940, even before curtailment orders were actually issued, first preparations for war production were made when the company opened a Washington office to secure government orders for products to supplement their normal line. Owing to the widely diversified nature of the plant's equipment, no one type of government work could utilize all their facilities, thus necessitating the obtaining of contracts for a variety of products. Tremendous tooling and engineering tasks delayed the program, but contracts were gradually taken on. By late 1942, after the addition of new machinery, production of a new gun mount was commenced in the range and washer plants, which had presented one of the most difficult conversion problems. While Landers is now primarily engaged in government work turning out countless items varying in cost from ten cents to several thousand dollars, the company's research department is engaged in intensive planning for the post-war era.

* * *

On June 14, the stockholders approved a plan to liquidate the **Industrial Bank of Hartford, Inc.**

* * *

The Electric Boat Company is now operating 24 hours a day, three shifts, and has recently launched its ninth submarine in 17 weeks.

* * *

After conferences with Federal war contract negotiators in Washington, the Gray Manufacturing Company has been allowed a profit equal to 10.66% of total sales which aggregated $2,754,090 for the year ended December 31, 1942. This represents slightly more than $2 a share which compares with 14 cents a share for the preceding year.

* * *

The Torrington Company has filed an application with the Securities and Exchange Commission to withdraw its common stock from listing and registration on the Boston Stock Exchange.

* * *

American Hardware Corp. of New Britain has elected five new directors:

Richard L. White, President of Landers, Frary & Clark; Mortimer H. Camp, Attorney; Noah Lucas, President of Savings Bank of New Britain; Joseph O. Andrews, Vice-President in charge of purchasing; and Harry I. Lewis, Vice-President and General Manager of Corbin Screw division.

Royal M. Bassett, General Manager Corbin Cabinet Lock division has been elected Vice-President; and Elmer G. E. Johnson has been elected Comptroller.

* * *

The following changes in the list of legal investments for Connecticut were announced by the Office of the Bank Commissioner as of June 25, 1943; Additions include: Butler, Pa.; Dubuque, Iowa; Richmond, Cal.; Tacoma, Wash.; Woonsocket, R. I.; Chesapeake & Ohio Railway Co., equipment trust 1¾s due serially to May 1, 1953.

Withdrawals for failure to furnish Bank Commissioner with up-to-date financial information include: Alameda, Cal.; Alton, Ill.; Clarksburg, West Va.; Fitchburg, Mass.; Joliet, Ill.; Kokomo, Ind.; Lakewood, Ohio; Mansfield, Ohio; Marion, Ohio; Ogden, Utah; Peabody, Mass.; Peoria, Ill.; Rockford, Ill.; Springfield, Ohio; Steubenville, Ohio; Wilmington, Delaware; Zanesville, Ohio.

Other withdrawals include:

Central Falls, R. I.; Sioux City, Iowa; Chicago Heights, Ill.; Wyandotte, Mich.; Oregon Short Line Railroad Company, unstamped first & consolidated 5s due July 1, 1946; First & Consolidated 4s of December 1, 1960; and Income Series A 5s due July 1, 1946. Reading Company general & Ref., Series A 4½s due January 2, 1997, Gen. & Ref. Series B 4½s due Jan. 2, 1997, and Philadelphia & Reading R. R. Imp. 4s due April 1, 1947.

Connecticut Industries Prospects Look Good

Connecticut industrial companies have repeatedly demonstrated their ability to participate fully in general industrial activity, whether generated by war requirements or peacetime needs, according to a booklet which surveys nine Connecticut industrial companies, prepared by Chas. W. Scranton & Co., 209 Church St., New Haven, Conn., members of the New York Stock Exchange.

The booklet gives thumb-nail sketches of the nine companies showing their activities, resourcefulness and adaptability, post-war prospects and other facts of significance to investors today. Copies of this interesting booklet may be had from the firm upon request.

Wadden & Co. Formed in Chicago

(Special to The Financial Chronicle)

CHICAGO, ILL.—William M. Wadden, Jr. and Dayton H. Mudd have formed Wadden & Company with offices at 209 South La Salle Street to engage in a general securities business. Mr. Wadden was recently with Cruttenden & Co. In the past he was an officer of Medway, Wadden & Williams and was with Straus Securities Co.

Managing A Business For Stockholders Through The Vicissitudes Of Inflation

(Continued from first page)

C. A. HIGGINS
President, Hercules Powder Company

While there has been much talk about this subject in the last few years, there has been little said that, to my way of thinking, analyzes the problem so clearly from the point of view of industry.


Charles A. Higgins

Certainly, it has been the experience in the past century that wars have caused a substantial increase in the level of prices, with rapid acceleration in the period immediately following the wars and subsequent collapse in later years. I see no valid reason to suppose that the same pattern will not be repeated during and following this war.

The maintenance of a strong liquid working capital position in the period ahead, upon which Dr. Wright insists, cannot, in my opinion, be overemphasized.

W. H. WOOD
Chairman of the Board, American Trust Company, Charlotte, N. C.

I have read with interest the article by Dr. Ivan Wright entitled "Managing a Business For Stockholders Through the Vicissitudes of Inflation."


Word H. Wood

This is an interesting article, and the subject of inflation has been in my mind constantly for quite a while. My guess is that a serious inflation is inevitable, and to quote Dr. Wright, my opinion is as he states: "It would seem to be best and safest to take the road of least guessing and speculation and thoroughly prepare for it." A great many businesses will not do this and, therefore, a bank is exposed to heavy risks and losses.

As to all the "ins" and "outs" of how this inflation will come about, I cannot foresee and no one else can. The thing I am thinking about is how can a bank best meet it. Of course, I realize the best course for a bank to pursue is to be exceedingly careful in its credits, and keep in a strong position all the time. It is true that we now own a large amount of Government bonds. At least half of our resources are in Government bonds of short average maturity between three and four years. In the near future we expect to have our average maturity in Government bonds down to about three years.

It would be very interesting to know what Dr. Wright would say about the operation of a bank from the standpoint of preserving, if possible, the stockholders' money. In any event, we feel sure that we can always pay off the depositors in full in money much faster than they could ever draw it out, but the thing I am uncertain about and interested in is the stockholders' money or equity. Do you think it would be possible to get his views on this subject?

P. S. I have been the active head of this bank for 42 years, and have been working in a bank every day for 50 years, and have always come through successfully with this bank. How can we best steer this bank through what will probably come after this war is over?—W. H. W.

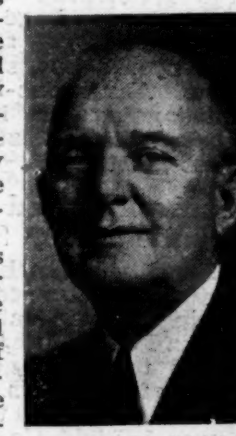
WILLIAM P. LOUGH
President, Staten Island Savings Bank

The article by Dr. Wright is a sane presentation and is provocative of thought, which is about all it is intended to be. No one, in a brief article, can cover all contingencies and, as always, the manager of the business must know his job and if gifted with sound judgment and foresight will come through.


W. P. Lough

HENRY BRUERE
President, The Bowery Savings Bank, New York

Of course I am in favor of proceeding with the greatest scruple and integrity in the post-war handling of our national debt. The country could not possibly gain by a policy of inflation or any other scheme of impoverishment.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Henry Bruere

Dr. Wright's article in your July 8 issue is a useful ventilation of certain fallacies on the subject of inflation. I shall keep it on file for future reference because it covers the subject, I think, extremely well.

Attractive Situation

Kansas City, Fort Scott 4s of 1936 offer interesting possibilities according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this interesting circular may be had from the firm upon request.

Situation Looks Good

The current situation in Pittsburgh Terminal Warehouse & Transfer first 5s of 1936 offers interesting possibilities, according to a memorandum issued by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this memorandum may be had from the firm upon request.

Seaboard Reorganization Plan Summarized

Van Tuyl & Abbe, 72 Wall St., New York City, have prepared a condensation of the Draft Report by Tazewell Taylor, special master, of the plan of reorganization of Seaboard Air Line Railway Co. Copies of this interesting summary may be had from Van Tuyl & Abbe upon request.

Six Months' Rayon Shipments Up 5%

Shipments of rayon filament yarn by American producers to domestic consumers totaled 242,600,000 pounds for the first half of 1943, an increase of 5%, as compared with shipments of 231,400,000 pounds reported for the corresponding 1942 period, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York. June shipments alone aggregated 39,600,000 pounds, adds the publication, which compares with shipments of 41,800,000 pounds reported for May and 39,000,000 pounds shipped in June, 1942.

The Bureau's announcement July 9, further said:

"Filament rayon stocks in producers' hands totaled 6,400,000 pounds as of June 30, 1943 compared with 6,700,000 pounds on May 31, and 7,000,000 pounds on June 30, 1942.

"For the first half of 1943, rayon staple fibre shipments totaled 78,700,000 pounds as compared with 75,800,000 pounds shipped in the first half of 1942, an increase of 4%. June deliveries aggregated 13,300,000 pounds as compared with 12,900,000 pounds in May and 13,700,000 pounds in June 1942. Stocks of staple fiber held on June 30, 1943 amounted to 2,900,000 pounds against 2,800,000 pounds held on May 31, 1943 and 2,300,000 pounds held on June 30, 1942."

SEC On Redeeming Preferred Stock

The Securities and Exchange Commission has made public an opinion in its Accounting Series regarding the treatment of premiums paid upon the redemption of preferred stock. The opinion indicates that if the redemption price exceeds the amount paid in on such shares, the excess should ordinarily be charged to earned surplus. The opinion, prepared by William W. Werntz, Chief Accountant, was made public as follows by the Commission:

"Inquiry has frequently been made as to whether a premium paid on the redemption of preferred stock in excess of the amounts paid in thereon may properly be charged against capital contributed by another class of shareholders or whether, when earned surplus is present, the excess premium should be charged thereagainst. The following case is typical. The A Corporation has outstanding 10,000 shares of $100 par value 6% cumulative preferred stock which was sold at 105 and is redeemable at the option of the company on any dividend date at 110. There are also outstanding 40,000 shares of $50 par value common stock which were sold at $60 per share. At the time the corporation proposes to call the preferred shares for redemption, the balance sheet reflects earned surplus of $300,000 and capital surplus of $450,000. The capital surplus consists of $50,000 paid in by preferred shareholders and $400.000 paid in by common shareholders.

"The case presented involves a fundamental principle of accounting, maintenance of the distinction between capital and income. In recognition of this principle, it has long been agreed that paid-in capital may not be used to absorb expenses or charges that should be deducted from gross income or revenue to determine net income.* While the charge involved in the instant case is not relevant to a determination of the amount of net income, it does raise the cognate question of whether payment of redemption premiums in excess of the amount paid in on the shares being retired should first be considered to be distributions of available earned surplus, rather than of amounts paid in on shares still outstanding.

"In order to maintain a proper distinction between capital and income, it is my opinion that it is necessary to consider the entire amount contributed by shareholders as capital regardless of whether reflected in the accounts as capital stock or as capital or paid-in surplus. When a corporation by appropriate legal action classifies its share capital, with resulting distinctions in dividend rights, asset priorities, voting powers, and other matters, adherence to the principles mentioned, in my opinion, requires appropriate accounting recognition of the classification of shares not only in respect of the legal or stated capital but also in respect of the related contributions in excess of legal or stated capital. In my opinion, reflection of a redemption premium paid to one class of shareholders as a diminution or utilization of amounts contributed by another class, or by shares of the same class still outstanding, would ordinarily be inconsistent with recognition of these principles in that the capital contribution shown for the outstanding shares would thenceforth be less than the amount actually paid in on such shares although (1) no amounts were in fact repaid in respect of the outstanding shares; (2) at the time of the disbursement there existed accumulated earned surplus; and (3) such earned surplus would therefore be available for distribution as apparently earned dividends, although in fact capital contributed in respect of the outstanding shares had not been maintained intact.

"It is, therefore, my opinion that in the case cited the amount paid preferred shareholders in excess of the amounts contributed by them should be charged to earned surplus. Also, if at the time of redemption any amounts are paid on account of accumulated unpaid dividends such amounts should likewise be charged to earned surplus."

*In the course of a formal reorganization, or a quasi-reorganization, a deficit in earned surplus may be charged to capital surplus.

Canada Proposes Plan For International Exchange Union

(Continued from first page)

through the international monetary organization should be adequate to deal with that portion of current account surpluses and deficits which is not met by relief and other concerted international action in the years immediately after the war; it should be sufficient to provide a firm basis on which multilateral world trade can be re-established after the war; and it should provide time to countries which find their international accounts unbalanced to take the necessary corrective measures to adjust their position.

(d) The extension of credit is not a cure-all; it merely provides time for adjustments; and unless positions (except those accompanying long-term capital movements) are brought into equilibrium, any arrangements made will break down.

(e) No country participating in the arrangements loses control over the size of its international commitments, since it can determine their size by its own action, if it wishes to do so.

(f) No country participating in the arrangements loses control over its domestic economic policies.

As to the International Currency proposed in the several plans, the official Canadian announcement points out that "in the British plan transactions with the union are carried out through accounts established in a new international currency, the "bancor." In the American plan the accounts of the union are established in terms of "unitas" and member countries may establish unitas deposits by depositing gold with the fund; exchange transactions are, however, effected in national currency. The Canadian proposals are similar in this respect to the American; no new name has been suggested in place of "bancor" and "unitas"; the currency is merely referred to as "an international unit" or "the unit."

In Associated Press accounts from Ottawa, July 12, it was noted as to the Canadian plan:

"It proposes an international lending agency with a capital of $8,000,000,000 originally and a possible $12,000,000,000 eventually, which will be designed not merely to take care of immediate post-war currency problems but to provide permanently better money machinery to facilitate trade between nations.

"The clearing union, which proposes to create a new currency which so far is called merely the unit, and will be equal in value to 137 1-7 grains of gold—about $10 United States currency—will be primarily an international foreign exchange control fund, like those now operated independently by the United States, Great Britain, Canada, and the Axis countries.

"Chief difference in the Canadian proposal and the earlier plans of Britain and the United States are the capital up to $12,000,000,000, compared with the $5,000,000,000 in the American plan and as much as $25,000,000,000 in the British suggestion, and the stronger voting power of small debtor nations.

"The two provisions are intertwined, since the voting power of the participating nations and their contribution to the capital of the union are to be based, under the Canadian plan, on an agreed "quota."

The same advices said "it [the Canadian plan] is designed, as were the British and American plans, as an international pool of foreign means of payment for the participating countries, a method of providing British and Peruvians, for instance, with dollars to pay for American machinery exports, and of making pounds or pesos available for Americans who want to buy British or Peruvian products.

The following official explanatory notes on the Canadian plan for an International Exchange Union have been made available:

The proposals put forward by the Canadian experts are in certain important respects a compromise between the American and the British plans. The main provisions of the Canadian plan may be compared with those of the other two plans under the following headings:

1. Form of organization. The Canadian proposals provide for an international exchange fund whose principal resources will be provided through capital subscriptions by member countries. In this respect the Canadian plan is similar to the American and unlike the British plan under which the new organization would not be endowed with any initial capital funds of its own but would be enabled to meet the exchange requirements of member countries through the willingness of creditor countries to provide their national currencies in exchange for balances in the newly-created international currency, Bancor, which would accumulate to their credit in the books of the clearing union.

2. Size of resources of the new institution. The Canadian proposals provide the new institution with assured resources of $12,000 million. Each member country is to be assigned a quota based on such factors as international trade, national income and gold and foreign exchange holdings. The aggregate of these quotas is to be $8,000 million, and in addition each member country is to undertake to make advances to the international exchange union, as required, of amounts equivalent to half its initial quota. These advances would only be called up when the union was short of any particular currency, and in these circumstances the country concerned would be faced with the alternative of reducing its exports as other countries would lack means of payment if it were unwilling to make advances until equilibrium could be restored. The view of the Canadian experts is that there is more danger in establishing a fund with resources which are obviously too small than there is in establishing a fund whose resources turn out to be somewhat greater than needed; and that the resources should be adequate to provide a real breathing-spell during which basic readjustments can be made. The American plan provides for aggregate quotas of "at least $5,000 million" and makes no provision for mandatory loans though it gives the institution power to negotiate loans and, if possible, increase its resources in this way. In the British plan the resources of the clearing union are not fixed in amount but the amount of credit outstanding at any particular time would depend upon the state of unbalance in member countries' international payments. Theoretically, the aggregate borrowing power of member countries, as measured by their quotas which are based exclusively on international trade, would be in the neighborhood of $25,000 million, but not all countries could be borrowers at the same time.

3. Form of contribution of member countries to resources of the organization. In the Canadian plan the capital subscription would be 15% in gold and the balance in national currency; the entire capital subscription would be paid-up at once, but time would be allowed to countries with small gold reserves to complete their gold payments. In the published American proposals, only 50% of the capital subscription would be paid-up initially, the balance to be subject to call provided four-fifths of the member-votes agree. Initially 12½% would be paid-up in gold, 12½% in national currency and 25% in government securities. In the British plan, there would be no initial capital subscription but member countries would provide other members with their national currency against the transfer of "Bancor" deposits on the books of the clearing union.

4. Ability of member countries to obtain foreign exchange. In all the proposals the ability of member countries to obtain foreign exchange is measured in relation to their quotas, which aggregate "at least $5,000 million" in the American plan, $8,000 million in the Canadian plan and approximately $25,000 million in the British plan. The differences in the conditions under which these quotas may be utilized, however, make comparisons among these figures somewhat misleading. In the Canadian proposals each member country can purchase foreign exchange to the extent of twice its quota, at the rate of 50% a year, subject to the following conditions:

(a) Country which holds independent gold and free foreign exchange rserves in amounts exceeding its quota shall not have the right to be a net purchaser of foreign exchange from the union. This provision is designed to ensure that the resources of the institution are used primarily by those countries which have the greatest need of them.

(b) Within the limits indicated above currencies of member countries are to be freely inter-convertible for the purpose of settling current account transactions, but a country which has a deficit in its current account balance of payments and is in consequence a net purchaser of foreign exchange from the union may not use the resources of the union, without special permission, to finance exports of capital. The union may require a country which has used up 25% of its quota to control capital exports as to a condition of making further purchase of foreign exchange from it. The purpose of this provision is to ensure that the resources of the union are used to finance international trade and other current transactions and not to enable disturbing capital flights to take place from one country to another.

(c) When a country has used up to 50% of its quota for the purchase of foreign exchange from the union, the latter may, as a condition of making further sales of foreign exchange, request that

country to sell it appropriate amounts of its independent reserves of gold and free foreign exchange.

(d) The union has the right at any time to impose conditions on further sales of foreign exchange to countries which are making improvident use of their quotas.

Under the American plan, as published, the ability of member countries to purchase foreign exchange from the fund is apparently limited to 125% of the quota, of which 25% may be used in the first year and 75% in the first two years. Additional sales of foreign exchange beyond these limits require the approval of four-fifths of member votes. The plan provides for a special reserve to be deposited by member countries with the fund when the latter's holdings of that national currency or securities exceed the quota, and the fund is given power to impose conditions on further sales of foreign exchange to a country which is exhausting its quota more rapidly than is warranted.

Under the British plan, member countries may obtain exchange through the facilities provided by the clearing union to the extent of their quotas, subject to the following conditions:

(a) A country may not, without special approval, use more than 25% of its quota within a year.

(b) A country which uses up 50% of its quota may be required to deposit collateral in the form of gold, national currency or government securities. (c) As a condition of being allowed to use up more than 50% of its quota, a country may be required to depreciate its exchange rate, impose a control over capital exports or surrender a suitable proportion of its gold and foreign exchange reserves. (d) A country which has used up more than 75% of its quota for two years may be requested to take steps to improve its position and if it fails to do so it may be declared in default of its obligations.

5. Position of creditor countries. The British scheme provides that creditor countries shall pay interest on their "Bancor" balances while no such provision is found in the American or Canadian plans. All three schemes provide for interest payments by debtor countries. The British plan provides that the clearing union may make recommendations designed to restore equilibrium in the international balances of a persistent creditor but leaves the ultimate decision in the hands of the country concerned. The American plan provides that when any particular currency becomes scarce (in the sense that the fund's operations have resulted in net sales of that currency to the extent of 85% of the quota) a report must be rendered with recommendations designed to restore equilibrium. If the drain of that currency persists and the fund's holdings are threatened with exhaustion, the fund must apportion its remaining supplies among member countries by some equitable method of distribution.

The Canadian proposals for dealing with scarce currencies begin at the somewhat earlier stage and carry on somewhat further than the American proposals. When the union's operations have resulted in net sales of a particular currency to the extent of 75% of that country's quota, the union is to attempt to increase its supply of that currency with arranging, if possible, with the country concerned and in cooperation with such international investment agency as may be established, for a programme of foreign capital investment. When the 85% level has been reached (or earlier if deemed advisable) a report on the situation is to be rendered; and when it becomes obvious that the remaining supplies of the scarce currency may soon be exhausted, the union is to proceed to ration them. At this point the union has the duty to reconsider the exchange rate structure and there is a provision under which member countries may be permitted to restrict imports from the country whose currency has become scarce.

6. Exchange rates. In the Canadian plan the initial exchange rates are to be fixed by agreement between member countries and the union and any subsequent change requires the consent of the country concerned. Member countries undertake not to vary the initially-agreed rates without the consent of the union but there is a provision under which a country which goes behind in its current account payments by a certain amount has the right to depreciate by 5%. In a footnote to this provision the Canadian experts have indicated that it might be desirable to raise this permissive depreciation to 10% under somewhat different safeguards. In the British plan the initial exchange rates are fixed by agreement and there is a similar provision for 5% permissive depreciation. In the American plan as published the fund fixes the initial rates and changes are permitted thereafter only with the approval of four-fifths of member votes.

7. Voting power. The Canadian proposals follow the American in providing that each country should have 100 votes plus a number determined by its quota. The effect of this provision is to dilute somewhat the voting strength of the countries with the larger quotas. In the British plan the voting strength is based on the quotas which are based, in turn, on international trade. The Canadian plan, like the British, provides that in voting on proposals to increase the quota (and hence the borrowing power) of any country increased voting strength should be given to creditor countries. The Canadian plan provides that, with one exception, all decisions should be taken by majority vote. The exception is a general change in the value of gold, for which a four-fifths majority is required. In the American proposals many important decisions require a four-fifths majority which would place veto power in the hands of countries with very large quotas. ican plan two years' notice. The

8. Withdrawal from the union. The Canadian plan provides that any country which has been a creditor in the union may withdraw by giving thirty days' notice: Deficit countries must give one year's notice in the British plan on year's notice of withdrawal is required and in the American plan two years' notice. The short withdrawal provision for credit or countries in the Canadian plan would appear to be suggested as a substitute for the veto power referred to above.

9. International currency. In the British plan transactions with the union are carried out through accounts established in a new international currency, the "Bancor." In the American plan the accounts of the union are established in terms of "unitas" and member countries may establish unitas deposits by depositing gold with the fund; exchange transactions are, however, effected in national currency. The Canadian proposals are similar in this respect to the American. No new name has been suggested in place of "Bancor" and "Unitas;" the currency is merely referred to as "An international unit" or "the unit." The view of the Canadian experts would appear to be that if any limit is placed, on the willingness of creditor countries to accumulate the international currency, the differences between the procedures envisaged in the British and American plans are purely technical and of secondary importance.

10. Exchange market. None of the plans contemplate any interference with the normal operations of exchange market under such controls as any country may choose to impost consistent with the general obligation found in all three plans to refrain from discriminatory exchange practices.

The tentative draft proposals of the Canadian experts—(who, it may be noted remain anonymous) follow in full.

TENTATIVE DRAFT PROPOSALS OF CANADIAN EXPERTS FOR AN INTERNATIONAL EXCHANGE UNION

CONTENTS

General Observations of Canadian Experts on Plans for Post-War Monetary Organization

1. Officials of the Canadian Government have had an opportunity of examining the U. S. Treasury Department Preliminary Draft Outline of a Proposal for a United and Associated Nations Stabilization Fund, and have received explanations of this proposal from American officials. A similar procedure was followed in connection with the paper containing proposals by British experts for an International Clearing Union. The discussions with both British and American officials have been entirely exploratory and the Canadian Government has not been committed to any course of action as a result of these conversations. The American and British experts, for their part, have laid stress on the fact that their proposals are tentative in character, and have made it clear to representatives of the Canadian Government (as well as to those of other governments) that they would welcome critical comment and constructive suggestions. Canadian experts who have been studying the British and the American proposals are, therefore, led to make certain observations of a general character and to submit an alternative plan. Like the British and the American plans, the proposals of the Canadian experts are provisional and tentative in character; they incorporate important features of both the American and the British plans and add to them certain new elements.

2. The main objectives of the American and the British proposals appear to be identical, namely, the establishment of an international monetary mechanism which will aid in the restoration and development of healthy international trade after the war, which will achieve a high degree of exchange stability, and which will not conflict with the desire of countries to carry out such policies as they may think appropriate to achieve, so far as possible, economic stability at a high level of employment and incomes. To aid in the achievement of these objectives, the British and American experts have proposed the establishment of a new international monetary institution. Their proposals are large in conception, but

*It might be preferable to refer to the proposed organization as the International Exchange Fund. However, to avoid any possible misunderstanding which might arise through the use of the term Fund to describe both the association of members and the resources of the institution, the term Union has been used throughout this document to describe the organization itself.

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Canada Proposes International Exchange Union

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no larger than the problem itself. There is every reason to improve the structure and operation of the monetary mechanism on the basis of experience. But there is no reason why proposals should be based exclusively on the limited and, on the whole, bad experience of the past two decades. Unless dependable exchange and credit relations between countries can be achieved before the stresses and strains of the post-war period begin, there is little likelihood that irreparable damage can be avoided.

3. If plans for international monetary organization are to be successful, other problems—by no means less difficult or less important—will also have to be faced and solved by joint international action. It would, indeed, be dangerous to attach too much importance to monetary organization of and by itself, if this resulted in neglect of other problems which may be even more important and difficult, or in a misguided faith that with a new form of monetary organization the other problems would solve themselves. In the international field alone (to say nothing of the innumerable domestic problems involved in the profound changes in the structure of production and employment which have taken place in all belligerent and many nonbelligerent countries due to the exigencies of the war) it will be necessary to attack frontally such problems as commercial policy, international investment, the instability of primary product prices—to name but a few. No international monetary organization, however, perfect in form, could long survive economic distortions resulting from bilateralist trade practices, continued refusal of creditor countries to accept imports in payment of the service on their foreign investment or to invest their current account surplus abroad, or enormous fluctuations in food and raw material prices such as characterized the years between the two wars. But the fact that there are many problems to be faced cannot be used as an excuse for facing none. A start must be made somewhere, and for the reasons given in paragraph 5, the problem of international monetary organization is a logical and fruitful starting place.

4. The establishment of an international monetary organization is no substitute for the measures of international relief and rehabilitation which will be required as the war draws to its conclusion and afterwards; and in the view of the Canadian experts any monetary organization which is set up should not be called upon to finance transactions of this nature. Some continuing and stable arrangements regarding international long-term investment are also clearly essential if equilibrium is to be achieved and maintained. Nor should it be thought that the proposed international monetary institution is merely an instrument of the transition period from war to peace. True, it has special importance in this period but it should be designed as a permanent institution and not as a stop-gap to function during a relatively short period of time.

5. An important, perhaps the most important, feature of the British and the American proposals is the provision in both plans for the extension of credit between countries. The two plans differ as regards the precise techniques to be used in extending credit and as regards the amounts which may be involved; but both plans provide that foreign credits are to be available under certain conditions to countries having need of them, and that they shall be made available through an international monetary organization rather than through bilateral arrangements between pairs of countries. The provision for credit extension is nothing more nor less than a straightforward and realistic recognition of the fact that at the end of the war a large number of countries, whose import requirements will be considerable, will not have immediately available a sufficient reserve of foreign assets to enable them to expose themselves to the risk of participation in a world economic system. An interval will be needed to give time for adjustment and reorganization. If the penury in foreign means of payment of certain important countries is to be allowed to fix the pattern of post-war trading and domestic policies, then all can look forward to penury—no country, rich or poor, will escape the impoverishment resulting from the throttling of international trade which will result.

6. It is useful to consider what would happen if no action were taken to set up international machinery of the general character suggested by the experts of the United States and the United Kingdom. Theoretically, one alternative would be immediate cash settlement for all international transactions. But how can cash be produced for purchases abroad? Only by selling goods or services abroad, or by disposing of acceptable foreign assets such as securities and gold. The facts regarding the distribution of the world's monetary gold reserves and the changes which have taken place in the course of the war in various countries' holdings of foreign securities are too well known to require elaboration. Broadly speaking, and allowing for certain exceptions and time-lags, a cash basis for the settlement of international transactions would mean that any country's capacity to export would be limited to the amount of its own currency it made available to foreign countries through its imports and other current payments abroad—in other words, trade would in effect be reduced to barter. In point of fact, however, there is no possibility that countries would for long allow themselves to be confined in such a strait jacket. Faced with the problem of an unsalable surplus of export goods and with consequent domestic unemployment, they would refuse to accept the penalty of disorganization of export trade if that penalty could be avoided, even temporarily, by the extension of credit. Countries would embark on bilateral credit arrangements, no doubt linked with deals relating to the purchase and sale of goods; and as soon as certain countries began to adopt this course others would find that they had to follow suit to protect their trade interests. It is difficult to imagine a more fruitful source of international dissension than a competitive trade and credit extension programme of this character.

The Canadian experts believe it to be true, therefore, that the Stabilization Fund or Clearing Union plans do not involve a decision as to whether foreign credits shall be extended or withheld. In some form or other, credit will in fact be extended, and the decision which has to be taken relates primarily to the method employed. For the reasons given above, international arrangements are greatly to be preferred to bilateral deals.

7. This leads to the question, how much credit should be made available through the international monetary mechanism? A vital feature of any plan of this sort is the provision it makes for the borrowing power of each participant and for the contribution to the resources of the organization by the participating countries through the provision of capital, the accumulation of balances or through loans. Some concern has been expressed in regard to the size of the commitment which may be assumed by prospective creditors. It is probable that Canada will be a creditor country on current account, and the Canadian experts have therefore given careful thought to this aspect of the arrangements.

8. There is one preliminary observation which should be made in this connection. It would be a distortion of the realities of the situation for any country, or its citizens, to regard the willingness to provide resources to an international organization of the general character proposed by the British and the American experts as an act of generosity which is performed for the sake of foreign countries. Resources are provided to the organization first, because all have a stake in recreating a functioning international economic system and, secondly, because for each individual country the realistic alternatives in the form of trade disorganization are costlier than the provision of resources. Moreover, and most important of all, the resources provided are not given away; they are fully secured by the organization's holdings of gold and national currencies. It can only lead to confusion of thought to regard participation in such plans as these as in any way similar in character to participation in international relief schemes, important and necessary though the latter may be.

9. It seems apparent that, in one way or another, substantial unregulated movements of capital between countries will be prevented. In these circumstances, countries will, by and large, lose or gain foreign exchange to the extent, but only to the extent, of the unbalance in their current account transactions with the rest of the world. If a country is building up a substantial credit position, it will know that this situation is produced because it is selling more goods and services abroad than it is buying abroad. If it is dissatisfied with this position, if it wishes to reduce its credit balance, it has through participation in the proposed organization lost no single one of the courses of action ever open to it. True, it is by no means easy for a country, acting alone, to solve problems of unbalance. But as a last resort a country can find a solution by unilateral action. It can do the only things it ever could do in these circumstances; it can buy more abroad—goods, services or investments; or it can sell less abroad. It is therefore quite wrong to assume that countries participating in the proposed institution would, because of this participation, be left without control over their international commitments. It may be, and no doubt is, useful to erect danger signals at various stations along the road followed by both debtors and creditors. Such signals are useful reminders. But there is nothing to prevent either creditor or debtor from taking remedial action at any time.

10. If the foregoing is a correct analysis of the situation—and it would appear to be a simple statement of fact—creditors need not be unduly concerned about the possible size of their investment in the Fund, knowing that the ultimate actual size of their stake can be determined by their own course of action from day to day and from year to year. Nevertheless, even the appearance of an unlimited commitment is probably undesirable and in the tenative proposals of Canadian experts, a limit is placed on the obligation of each participant to provide resources to the institution. But there is less real danger to the interests of creditor countries in the establishment of a Fund or a Union whose potential resources are unnecessarily large (and may in consequence never be entirely used) than there is in the establishment of an institution whose resources are obviously too small. The interests of all will best be served by providing a fair degree of latitude, a satisfactory breathing-space—to debtors and creditors alike. If its objectives are to be achieved, the resources must be large enough to permit time for basic readjustments to be accomplished; they must be such that the organization will command general confidence in its own stability. For if this is not the case, what will happen? It will be believed that certain currencies are likely to become "scarce" currencies—a belief which will be reinforced by the reduction in the institution's holdings of that particular currency. Countries which are likely to require a "scarce" currency will hasten to make their purchases which are payable in that currency. As the holdings of the "scarce" currency are used up, as discussions and arguments commence regarding an enlargement of the quota or some other form of extension of credit, grave misgivings in regard to the international situation will arise. The position will be very much akin to that of a bank whose cash reserves are feared to be insufficient. There will be a run on that currency in the institution; and if the currency concerned is an important one, the international effects will be very serious indeed. No form of international monetary organization can continuously compensate for chronic maladjustments in the current account balance of payment of the countries which may be concerned, but it would be most unwise to set up machinery which stood a fair chance of facing a crisis at a comparately early date.

11. To avoid misunderstanding it should be emphasized that it would be extremely dangerous to use short-term credits as a device to cover up basically unsound positions. This would be no less disastrous in the international than in the domestic field, and any monetary system which made such an attempt on a large scale would inevitably break down. A chronic unbalance in current account balances of international payments which is not matched by voluntary long-term capital movements—lending abroad by creditor countries, and borrowing abroad by debtor countries—is symptomatic of a deep-seated maladjustment which has to be dealt with if equilibrium is to be restored. No debtor country can live beyond its resources indefinitely; and no creditor country can persistently refuse to lend its surplus abroad or make other adjustments to its creditor position without ripping the international fabric. But time is required for adjustments to be made and for remedial measures to have their

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Today
Barges that
land armies...
CHARLES ROSNER


Tomorrow
they'll open up
trade fronts

The Securities Salesman's Corner

IF YOU WANT SOMETHING ASK FOR IT!

So much has been written on the subject of salesmanship that we sometimes wonder if most salesmen who have the patience to read columns such as this one do not wonder if those who write about the subject have ever tried out their theories in actual practice.

This time we are therefore going to admit to a bit of our own experience which happened quite a few years ago when the writer first started out as a cub bond salesman.

It has always seemed to us that the toughest problem for most salesmen (no matter what their line) has been in knowing when to ask for the order **and then asking for it.** Many times beautiful sales presentations are made, desire is skillfully created by the use of suggestion—and what happens? Too often the best opportunity for doing business is muffed right at the time that **action** should take place. This is an old, old story but we doubt if there are many successful salesmen today who wouldn't honestly admit that their percentage of "call backs" and lost sales is still proportionately too large.

This brings us to our little story. If you remember, some years ago, before the advent of the "more abundant life, etc.," we used to have something in this business which was then called "new issues." In those days it was the rule for every up and going securities firm to hold sales meetings where all the highlights and pertinent selling points were covered by the sales manager, whenever we had a "new issue" to offer. There wasn't much that we didn't try to soak in during those days when the spark of industry and ambition was burning pretty high. Evenings were spent in burning the midnight oil, reading everything from statistical manuals to "How To Become A Successful Bond Salesman" in 10 easy lessons. Meanwhile our days were filled with interviews but despite the fact that some of the rough edges did wear off a bit—we didn't break any sales records.

Then one morning "came the dawn." We have a hard-boiled sales manager and at times he didn't take particular care of what he said nor how he said it. This morning he called a meeting on the subject of "Call Backs." After his usual warmup which this particular morning was about 10 degrees above his normal boiling point he let loose with this story. "Some of you fellows look like the best salesmen in the world until it comes time to ask for the order. Then something happens and you fold up like a tent. Instead of bringing in the order you come back and tell me—**he's thinking it over and will let me know.**"

"All this reminds me," he went on, "of the English sailor who was visiting some friends in America for the first time. One evening the sailor and his friends were attending a very formal dance. Every time the sailor would dance with another girl, the dignified gathering would be treated to the spectacle of seeing him receive a resounding slap in the face. Finally one of his American friends asked what was the trouble. Unabashed the English Tar replied, "Nothing much, I just ask them all for a kiss." "You can't be so forward in America," his friend replied. "American girls are not accustomed to that quick approach. That's why so many get insulted." The Englishman didn't hesitate a moment in replying, **"Sure I know that but you'd be surprised how many don't!"**

And that was the answer. **Ask for it!** That's the lesson we can all learn over and over again. **Ask for the order.** If you don't ask you can be sure you won't get it—but you'll be surprised **how often you do.**

Treasury Bans Export Of Checks, Drafts To Blocked Countries—Also Restricts Imports

The Treasury Department on July 7 issued regulations prohibiting the exportation of checks, drafts, and similar negotiable instruments to blocked countries and restricting the importation of, and dealings in, checks and drafts which have been in such countries.

The regulations, identified as General Ruling No. 5A, prohibit the sending or taking of checks, drafts, bills of exchange, promissory notes, securities, or currency from the United States to any blocked country, other than China and the blocked members of the generally licensed trade area, and prohibit, effective Aug. 25, 1943, the importation of checks, drafts, bills of exchange, or promissory notes which have been within such blocked countries. The importation provisions are implemented by a prohibition on dealings in financial instruments imported on or after Aug. 25, 1943.

Among the more important blocked countries to which the ruling applies are all enemy and enemy-occupied countries, Portugal, Spain, Sweden, Switzerland, and their territories and possessions, Tangier, Finland, French North and West Africa, and the French Antilles.

The Treasury's announcement further stated:

"Any such financial instruments which have been within any of the blocked countries affected and which are imported on or after Aug. 25, 1943, must be turned over to the Federal Reserve Bank of New York as fiscal agent of the United States. Persons arriving in the United States on or after Aug. 25, 1943, will be required to report and surrender such instruments to the collector of customs at the port of entry, who will deliver them to the Federal Reserve Bank of New York. The Treasury has stated that it will not be its policy to license the exportation or importation of, or dealings in, checks or drafts which are affected by the rulings.

"The export restrictions, which are immediately operative, are a continuation and implementation of existing prohibitions. Attention is directed to the fact that persons departing from the United States are prohibited, except under specific Treasury authorization, from taking with them any securities, currency, checks, drafts, or promissory notes which are destined for any blocked country affected by the ruling, and are required to report the possession of any such instruments or currency to the collector of customs at the port of exit. However, it was stated that any person leaving the United States for any blocked country affected by the ruling (except countries constituting enemy territory) is authorized to take out currency of an equivalent of $50 in value and travelers checks issued in his name, and that such items need not be reported to the collector of customs at the port of exit, unless such items are destined, directly or indirectly, for enemy territory. At the same time it was pointed out that since there are many restrictions on the use of United States currency outside the United States, travelers checks, letters of credit, or telegraphic transfers are the best means of satisfying financial needs while traveling abroad.

"It is to be noted that the importation prohibitions do not apply to the importation of securities or currency, since such importation is already restricted by General Ruling No. 5.

"The ruling does not apply to instruments which have been in blocked countries in the 'generally licensed trade area' as defined in General License No. 53 unless such instruments have been within any of the blocked countries to which the ruling applies. Remittances to and from these excepted areas are nevertheless subject to the provisions of Executive Order No. 8389, as amended. Treasury spokesmen also observed that the ruling imposes no new restrictions on remittances to and from China, which are already adequately controlled under existing procedures.

"Treasury officials called attention to the fact that the ruling sets forth specific exemptions for certain categories of checks, drafts, and bills of exchange, unless such instruments are destined for or have been in enemy territory. There are thus left open certain channels through which travel may be financed and legitimate trade and financial transactions effected between countries in this hemisphere and neutral blocked European countries. The exceptions include non-negotiable bank payment orders; incoming travelers checks; outgoing travelers checks carried by and issued in the name of persons departing from the United States for blocked countries; outgoing Treasurer's checks carried by and Treasurer's checks carried by and issued in the name of a person in the service of the United States Government; outgoing currency valued at $50 or less carried for traveling expenses; incoming drafts or bills of exchange drawn under letters of credit; incoming drafts or bills of exchange drawn on importers in the Western Hemisphere in connection with the importation of merchandise into the Western Hemisphere; and incoming checks, drafts, bills of exchange, or warrants drawn on the Secretary of State, the Secretary of the Navy, or the Treasurer of the United States. The exceptions, it was emphasized, do not obviate the necessity of a Treasury license with respect to transactions within the scope of Executive Order No. 8389, as amended, but merely exempt the instruments referred to from the special restrictions of the ruling. It was stressed, moreover, that transactions involving trade or communication with enemy nationals require a license specifically referring to General Ruling No. 11."

Price Control Facing Most Critical Period With Inflation Danger Becoming Real, Says Zelomek

The conclusion that "price control still faces its most critical period" was emphasized on July 7 by A. W. Zelomek, Economist of the International Statistical Bureau, Inc., and Fairchild Publications, who at the same time stated that "with inventories reduced, production for civilians below the unit volume of sales, and the desire of consumers to spend more dollars for the same amount of goods limited by OPA regulations, the inflation danger that has been over-estimated in the past is now becoming real." He further declared that "it would be most unfortunate if the bad publicity the inflationary gap has been receiving as a result of these earlier mistakes should blind businessmen and the public to the real danger of the next twelve months."

According to Mr. Zelomek "the danger that war-time price advances will be accelerated has been exaggerated by faulty estimates of the inflationary gap." He states that failure to explain this term so that businessmen and the public could understand it has also contributed to the present feeling that the importance of the inflationary gap has been greatly over-estimated. "As a result," he says, "this secret weapon of the economist is now bedeviling its original exponents and providing false assurance for the public. The originators of this war-time invention, having cried wolf, are now discredited at a time when their direct predictions may soon be realized."

In his comments Mr. Zelomek went on to say:

"Why has the inflationary gap been so grossly over-estimated in the past? The answer to this question will be plainer if it is related to some of the earlier calculations.

"More than a year ago, OPA issued its general order freezing prices. In the Statement of Considerations that accompanied the Regulation, a description of the inflationary gap for 1942 was included. Since this statement was issued April 28, it must be assumed that the partial information available then should have greatly increased the accuracy of OPA's estimates. However, here is what actually happened:

"'During 1942 .... individual income will total $117,000,000,000.'" Income to individuals was actually reported at $116 billion, so this estimate was good. "'Of this amount, it is estimated that $31,000,000,000 will be saved or paid to the Government in taxes. . . .'" The actual results are reported at $34 billion, so that this estimate was not bad. "'During 1942, the supply (of available goods and services) . . . will total $69,000,000,000.'" This supply has since been reported at $82 billion, which shows plainly where the main error was made.

"OPA concluded that 'demand in 1942, unless limited, will exceed supply by $17,000,000,000.' Goods and services, however, turned out to be $13 billion greater than expected; this alone accounted for an error of 76% in this April estimate of the inflationary gap for 1942.

"There are two reasons for OPA's mistake. One was failure to allow sufficiently for the large inventories that still existed, on which consumers could draw in meeting their demands. The more important one was failure to allow for the extent to which consumers were 'trading up', purchasing higher price and better quality merchandise. For example, in one year consumers may buy one $10 dress for every three $5 dresses they purchase. If because of rising income they buy these items in the proportions of two and two in the following year, this shows up as a 20% increase in dollar sales. However, price indexes show no gain, and the unwary economist jumps to the conclusions that unit sales to the consumer have fully kept pace with the rise in the dollar totals, thus liquidating inventories at a rapid rate.

"This is a situation in which OPA and the other exponents of the inflationary gap have been right in principle and wrong in detail. To date, two of the most effective anti-inflationary forces have been the large volume of inventories accumulated in 1941, when production for civilians was at an all time high, and the trading up tendency of consumers, which has kept changes in unit sales at a minimum despite the rapid increase in dollar totals. Now, however, stocks have been greatly reduced; by the end of the year they will be well below normal. Futhermore, although consumers still demand a better quality of merchandise, OPA limitations on the highest price lines that can be produced and sold are having a restraining effect. This policy of price line limitations is a basically unsound principle, tending to weaken one of the most important anti-inflationary weapons."

"Our Reporter On Governments"

By S. F. PORTER

And now that the June financing is just a pleasant memory to all investors who obtained the securities, to all dealers who got in on the deal and to all representatives of the Treasury, the endless topic of conversation in the bond crowd of Wall Street is "why?" . . . Why did the Treasury throw the issue open to all subscriptions, publicly remove the usual limitations on orders and plainly invite people with information to subscribe to the limit? . . . Why did Secretary Morgenthau, in short, "ask" for it? . . .

This observer intends to avoid the subject of free riding by institutions or individuals from now on—unless a change occurs in the situation that demands attention. . . . But since free riding is a main topic of talk among traders still, maybe the answer to the removal of restrictions is that Morgenthau wanted this issue to be terrifically oversubscribed. . . . He wanted the "color" of tremendous buying, minor allotments. . . . He wanted the "excitement" that accompanies an operation of this kind. . . . He wanted the big boys to know they were not forgotten and the small ones to discover again the joys of making a quick profit. . . .

To put it succinctly, he wanted an all-out success on this relatively insignificant $2,500,000,000 offering. . . .

For the simple reason that he wanted to make an impression on all who had lost track of the advantages of being active in Governments. . . .

And you need no elaboration on the elementary rules of psychology to know that nothing succeeds like success. . . . Nothing brings a little banker into the market or a wealthy individual into the list quicker than the knowledge that there's money to be made —and fun to be had. . . .

If you think this is snatching an idea out of the air, wait a minute and then figure, "how did I and my fellow investors react?" . . .

There's your answer. . . .

SHARP REVERSAL

Another thing this financing did was bring into the open the contrast between this issue and the one last October. . . . When Morgenthau offered an identical note issue carrying a 1½% rate, due in slightly more than four years and some 2% bonds due in 10 years, callable in eight. . . .

The 1½s sold this time were the same type of security. . . .

But in October, Morgenthau shocked us all by giving us a 2% bond when he had let nearly all investors expect a 2¼. . . . He made a bad mistake in timing and psychology by announcing that 2% was to be the maximum rate on 10-year obligations from October on. . . . He permitted himself to be placed in the position of needing desperately the support of the Federal Reserve System and of having to promise bankers who subscribed that he would take whatever excess they had off their hands. . . . The Federal Reserve owned $535,000,000 of the 1½s (an issue which suffered along with the 2s during that deal) at the end of 1942—a perfect indication of how much support was needed. . . .

But this time, Morgenthau gave the banks what they wanted—the first note to be sold in months. . . .

He didn't let any information out on the financing until the last minute but when he did announce the deal, he also revealed the removal of subscription restrictions. . . .

And the market was strong. . . . Money is plentiful. . . . The "money curve" has been accepted now and investors are willing to take the coupons. . . .

And the oversubscription plus the ½ point premium now quoted on the 1½s tell the tale. . . .

As for that so-called "money curve," here it is. . . .

(1) ⅜% on discount bills, due in 90 days. . . .
(2) ⅞% on one-year certificates of indebtedness. . . .
(3) 1½% on four to five-year money. . . .
(4) 2% on bonds due in 10 years. . . .
(5) 2½% on bonds due in 25 to 30 years. . . .

There's some gossip around about a shaving of these rates on the coming financings but that's definitely in the gossip class. . . . And it doesn't make too much sense at this time. . . . Admittedly, Morgenthau is getting the cash he needs for the war with extreme ease now. . . . But there's no reason to believe the situation always will remain so beautiful and comfortable. . . . "Complacency" still is a great danger on anyone's side. . . . And the money curve has just been established. . . Shifting it—except in a minor way—would probably be most unwise now. . . .

REDISTRIBUTION

Analysis of Government bond holdings of banks throughout the United States this past week reveals some highly intriguing points. . . . For instance:

(1) Due to the fact that excess reserves now are virtually concentrated in banks in the interior, banks outside of New York City have been increasing their holdings of Governments at a much faster rate than banks inside the financial center. . . .

This is considered an excellent trend and is being sponsored by the Treasury. . . . It should—and no doubt will—continue. . . .

(2) New York City banks substituting holdings of bills for excess reserves. . . . Surplus funds held by New York institutions are down to zero, below zero at times. . . . But banks are continuing to be fully invested and to buy heavily through manipulation of their bill accounts. . . . Bills are equivalent of cash, except that they return interest. . . . Under Federal Reserve ruling, they may be turned into Federal Reserve at any time. . . . Or, of course, may be sold in the market. . . . Result is bills constitute a fund of secondary reserves and banks in New York are operating smoothly despite decline in their primary reserve funds. . . .

(3) Banks throughout the country are constantly increasing their percentage holdings of intermediates and longs. . . . In comparison to shorts, longs are way up. . . . Although gains in holdings are reported right down the line, the percentage figures show this preference clearly. . . . A most important point. . . .

(4) Comparison of issue totals available to banks and gains in holdings shows banks have been heavy buyers in the open market in addition to heavy subscribers to all types of offerings at new issue dates. . . .

INSIDE THE MARKET

Fairly large-scale selling has been going on in the new 1½s recently. . . . Offset by buying originating among bankers eager to round out portfolios of notes and to raise totals obtained on allotment date. . . . Issue holding well at ½ point mark with high of 100.20 reported at one time immediately after offering day. . . .

Consistent buying of tax-exempts going on. . . . Coming from commercial banks now getting into excess profits bracket and needing exemption from partially-free bonds. . . . The 2¾s of 1965-60 still a favored bond, still being bought by investors knowing market trends. . . . Issue at 112.24 against a low in 1943 of 108.24. . . . Market range is terrific. . . .

Talk around that list will be under pressure over coming weeks with "approval" of authorities. . . . A reaction, or correction of any nature would do this market good. . . .

Switches from tax-exempts into taxables and vice versa going on with savings banks and insurance companies supplying the exempts and commercial banks supplying the taxables. . . .

One dealer forecasts next regular market issue will be restricted to banks and banks will be limited in subscriptions to a percentage of their capital and surplus. . . . As customary in the past. . . . Individual subscriptions in future to be restricted by deposit requirement of 10 or 50% on order, says same dealer. . . . Would curb free riding, not eliminate it. . . . Elimination being considered undesirable. . . .

American Car & Foundry Co. Reports Net Of $5,055,719 For Year

President Hardy Comments On Post-War Period

The 44th annual report of American Car and Foundry Co. and subsidiaries for the fiscal year ended April 30, 1943, made public July 13 by Charles J. Hardy, president, shows net earnings of $5,055,719, after all charges including interest, depreciation, amortization, and provision for estimated income and excess profits taxes. This compares with net earnings of $9,275,377 reported for the previous fiscal year and is equal to $5.05 per share of common stock outstanding against $12.09 per common share for the year ended April 30, 1942, but this latter figure because of "renegotiation" of Government contracts has been adjusted to $7.28.

Charles J. Hardy

In his letter to stockholders accompanying the report Mr. Hardy said:

"It is probable that immediately following the peace and possibly even before then, there will come from the roads of our own country a demand, so insistent that compliance with it will be imperative, for new equipment by way of rolling stock to replace that destroyed or worn out beyond repair by reason of the heavy and continuous service given by the roads during these years of national emergency. It is probable also that, with the coming of peace, there will devolve upon our Government the major part of the task of rehabilitating those countries whose industrial and economic life has been disrupted and shattered by the impact of these years of unparalleled warfare. Of first importance in that process of rehabilitation will be the restoration of the systems of transportation — and this undoubtedly will require the making here for use abroad of the necessary equipment, both rolling stock and motive power, until such time as the foreign industries are sufficiently re-established to care for their own domestic needs. Your Management feels justified, therefore, in looking forward to a period of intensified activity in the industry—the manufacture and sale of railroad equipment and rolling stock —in which for many years your company has held a commanding position."

Sales and Financial Position

Gross sales, less discounts and allowances aggregated $289,275,689 for the year and compare with sales of $216,336,568 in the preceding year. Company entered the new fiscal year with a back log of business of $350,000,000, the largest in its history.

The consolidated balance sheet of the company and its subsidiaries as of April 30, 1943 shows total current assets of $169,235,788 and total current liabilities of $144,362,272. For the year ended April 30, 1942, total current assets were $95,923,736 and current liabilities, $56,553,484.

The report shows cash in banks and on hand amounting to $24,612,257; U. S. Government bonds, treasury bills and treasury tax notes, at cost, $73,619,110; accounts receivable, less reserve, $18,553,785; notes receivable, less reserve, $2,447,204; inventories at cost or less, and not in excess of present market prices, $48,078,272; advance payments to vendors for materials contracted for, $281,656; and marketable securities, at cost or less, $1,643,504.

Mr. Hardy in his remarks to stockholders further stated:

War Output Intensified

"During the year the activities of your company and its subsidiaries as prime producers of materials of warfare for our Government—combat tanks, armor plate, shells, bombs, fuses, valves, metal containers for the transportation of chemicals, minesweepers, lighters and other vessels for naval use besides an almost infinite variety of miscellaneous supplies —have continued at an intensified rate. Additionally, your company has been called upon to produce, for Army use both here and abroad, a very considerable number of cars of different kinds, comprising flat, tank, kitchen and gondola cars as well as cars designed to be used as hospitals on wheels.

"The vast amount of work your company has done and is doing—greater by far than at any previous time in its history, naturally has required a very considerable increase of facilities and personnel. While recognizing the necessity of this, your management has been careful to see to it that in neither facilities nor personnel has the expansion been beyond the limits dictated by prudence and sound business judgment. While the problems arising, and which are of practically daily occurrence, have been many and complex, yet we have found within the limits of our own organization the ability needed for their successful solution.

Unable to Fill Domestic Business

"In the field of purely domestic business, that having to do with the building of equipment for the railroads of our country, the conditions have been and still are difficult. Your company has on its books orders for a very considerable number of new cars, which orders it has been unable to fill because of lack of the necessary governmental clearances to permit of their construction—this because of the urgent need for war purposes of the materials, steel and other, which must enter into their construction. There is no question that these cars are needed by the roads, and undoubtedly the necessary clearances to permit of their building will be forthcoming just as soon as the exigencies of the military effort will permit. Meanwhile, as above indicated, your company's facilities for the manufacture of railroad equipment are, and in all probability will for some time to come continue to be, largely engaged in supplying the demand of the Army for rolling stock for its use here and abroad.

"Fortunately your company, because of the size, location and equipment of its various plants, is in position to respond efficiently and promptly to such demands as may be made upon it, whether that demand be for the production of materials of war, offensive and defensive, or for vehicles of transportation for military and other use."

NAM Booklet On War Production Posters

The National Association of Manufacturers on July 6 issued to its 9,000 members a "Posters-For-Production" booklet containing reproductions of 70 morale-building posters chosen as "truly representative of our war effort." The posters were chosen from approximately 1,000 submitted by 700 companies in the nation and were judged by a committee of three, non-members of the NAM.

They were Frederick C. Kendall, Editor "Advertising & Selling"; Dr. Robert Leslie, an executive of The Composing Room, Inc., and Tudor H. A. Tiedemann of Industrial Relations Counsellors, Inc. Five other posters chosen as representative, were not reproduced in the booklet.

The booklet was accompanied by a letter from Malcolm Muir, Chairman of NAM's War Committee and publisher of "Newsweek," who said that "interest in the exhibit was so widespread that it was decided these posters should be reproduced in this convenient booklet form, with more complete data — including the availability of these poster ideas to other companies."

"The willing response of the originating companies to offer to others either the design, artwork, or the posters themselves has been a most encouraging expression of industry's cooperative attitude," Mr. Muir wrote.

In a foreword of the booklet, the NAM stated that "every man and woman in every plant and factory must be inspired with the will to win—and with the desire to produce to the utmost of his or her ability. Under the American way of life they cannot be commanded to work that extra hour or turn out that extra part—they must want to do it voluntarily and harmoninously."

The reproduced posters were submitted by companies from 12 States.

Mme Chiang Back Home

Mme. Chiang Kai-shek, wife of China's Generalissimo, who had been on an extended tour of the United States and Canada, returned to China on July 4 aboard an American transport plane. The trip back to Chungking, it was reported, took less than a week.

Mme. Chiang had been in the United States since last November when she arrived for medical treatment. Early this year she was the guest of the President and Mrs. Roosevelt at the White House and later toured the country making addresses in the principal cities. She also visited Canada.

Canadian Securities

By BRUCE WILLIAMS

It is gratifying to see the more conservative elements in our financial community take note of Canada's effective contribution to the war effort of the United Nations. Such recognition is bound to lead to closer harmony and greater cooperation in working out post-war problems, particularly those involving Canada's capital needs in opening up the vast North West Territories.

The following well-deserved tribute to the Canadian war effort appeared in the latest issue of the **Guaranty Survey:**

"Continuing expansion of Canadian business activity is indicated. The official index of the physical volume of business, seasonally adjusted, stands for April at 236.9% of the 1935-39 average, marking an interrupted advance from 195.5 in May, 1942. The index of industrial production has risen correspondingly from 217.3 to 274.4.

"The coupon rationing of meat that became effective May 27 has unusual significance. Having assumed a major task of supplying food—besides vast quantities of weapons, ammunition and related war materials—to Britain and other associated nations, the Dominion, by thus limiting domestic consumption of its abundant supplies, manifests the national purpose to ensure, with evident sacrifice, the meeting of all its commitments. The rationing, it is estimated, will effect a reduction of 20% in the home consumption of meat."

* * *

Of perhaps even greater significance than the steady rise in market prices of Canadian Government and provincial bonds as a measure of the basic improvement in the Dominion's internal economy, is the recent ending of Quebec's moratorium on real estate mortgages, in effect since 1933. The law was abolished on July 1, 1943.

No legislative intervention now exists between the mortgage holder and the owner of real estate on which the mortgage is held. Failure to meet interest or capital payments on mortgages in Quebec province now means foreclosure by judicial sale.

As might have been expected, proprietors of mortgaged property made every effort to have the moratorium continued until after the war. They cited as ground for this request the Dominion Government's action in freezing of all rents as of October 1941. They took their case to both Ottawa and Quebec but failed to carry their point in either instance.

In answer, the Dominion Government contended that sacrifices had to be made in wartime and that the freezing of rents came within the scope of this principle. The Quebec Government simply contended that in view of present economic conditions, now was the time to bring the moratorium to an end.

The whole situation strikes a welcome but unfamiliar note to American ears, long accustomed to the paternalistic strains of New Deal practice and propaganda.

Canadian Crops Are Generally Progressing

The Bank of Montreal, in its current crop report, dated July 8, states that "in the Prairie Provinces, crops generally continue to make good progress, with the best prospects in Manitoba. The bank's report further said:

"While the season is about 10 days later than average, higher temperatures during the past two weeks have promoted rapid growth. Wheat is coming into shot blade and in some districts early-sown crops are heading. Coarse grain shows healthy, even growth. Moisture conditions are satisfactory in Manitoba, but good rains are required in many parts of Saskatchewan and Alberta, in some districts of which deterioration has already set in. Losses from hail and pests have been small. Sugar beets in Alberta and Manitoba are progressing favorably. In the Province of Quebec, the season continues to be backward and frequent rains during the past fortnight have caused further delay in operations, as well as considerable damage in many districts. The yield of grains will probably be below average. Cutting of a good crop of hay has commenced in most districts. Pastures are in very good condition."

N. Y. Community Trust Disbursements Rise

The New York Community Trust, whose operations began 20 years ago, made larger charitable appropriations in the first six months of 1943 than in the initial half of any prior year, it is announced by Ralph Hayes, Director. Disbursements to 98 organizations totaled $223,624, compared with $221,285 in the corresponding portion of 1942. In its first six months of existence in 1924, the Trust made philanthropic outpayments totaling $20. The aggregate of grants subsequently made is now $3,728,552.

During the second quarter of this year the Trust paid out $147,988, compared with $106,016 in the same period a year ago.

Foreign Dollar Bonds Serviced In Full In 1942 Were Only 50.07% Of Total

In 1942 debt service had been paid in full on $2,789,563,473, or on 50.07% of the total of $5,571,578,318 of publicly offered foreign dollar bonds outstanding on Dec. 31, 1942, according to a bulletin entitled "Statistical Analysis of Publicly Offered Foreign Dollar Bonds," issued July 6 by Dean John T. Madden, Director of the Institute of International Finance of New York University.

The Institute's announcement further states:

"The default of the Japanese issues and the suspension of sinking fund payments and failure to pay matured bonds by some obligors are responsible for the reduction in the proportion of bonds serviced in full from 56.38% in 1941.

"Data on the status of all publicly offered foreign dollar bonds as of Dec. 31, 1941 and 1942 are summarized in the following table:

	Dec. 31, 1941 (000,000)	Dec. 31, 1941 Per Cent	Dec. 31, 1942 (000,000)	Dec. 31, 1942 Per Cent
Debt service paid in full	$3,190.2	56.38	$2,789.6	50.07
In default as to interest	2,427.2	42.90	2.664.0	47.81
In default as to sinking fund	40.6	.72	118.0	2.12
Total	$5,658.0	100.00	$5,571.6	100.00

"At the end of 1942 Latin America and Europe accounted for 41.8% and 43.8% respectively of total defaulted bonds, as compared with 47.7% and 47.8% on Dec. 31, 1941. On the other hand, the Far East accounted at the end of 1942 for 10.9% of total defaulted bonds as against only 2.1% on Dec. 31, 1941. Of the total Latin-American bonds in default, Brazil and Mexico account for 27.1% and 31.0%, respectively, while German issues represent 52.3% of total European defaulted bonds. On Dec. 31, 1942, 80.6% of the European, 70.8% of the Latin American and 55.4% of the Far Eastern bonds were in default.

"The geographical distribution of foreign dollar bonds in default as to interest on Dec. 31, 1942, is shown in the following table:

	Amount Outstanding (000,000)	Amount in Default (000,000)	Per Cent of Total Defaulted Bonds
Latin America	$1,572.5	$1,112.9	41.8
Europe	1,446.9	1,166.0	43.8
Far East	522.7	289.3	10.9
North America	2,029.5	95.8	3.5
Total	$5,571.6	$2,664.0	100.0

"An analysis of interest defaults by types of obligors shows that 48.5% of the national government issues, 31.8% of the issues of the States, provinces and departments, 52.2% of the municipal bonds and 53.8% of the issues of corporate borrowers were in default at the end of 1942.

"The actual rate of interest return in 1942, representing the amount of cash interest received for 1942 coupons on the nominal amount of publicly offered foreign dollar bonds outstanding at the end of the year, was 2.37% as compared with the average contractual rate of 5.25%. In 1941, the amount of cash interest received constituted 2.78% as against the average contractual rate of 5.26%. The amount received in cash for 1942 coupons was 45.2% of the contractual amount due, as against 52.7% in 1941. While interest was paid at the contractual rate on all Australian issues and practically all Canadian bonds, Europe paid at the rate of 1.01% and Latin America 1.24% against the average contractual rate of 6.10% and 5.43% respectively.

"The contractual amount of interest due and the amount received for 1942 coupons of bonds outstanding on Dec. 31, 1942, are shown in the following table:

	Nominal Amount Outstanding (000)	Contractual Amount of Interest Due (000)	Average Contractual Rate of Interest Due %	Actual Amount Received (000)	Average Rate of Return %
Latin America	$1,572,469	$85,420	5.43	$19.452	1.24
Europe	1,446,933	88,284	6.10	14,577	1.01
Far East	522,651	28,981	5.55	11,596	2.22
North America	2,029,525	89.872	4.43	86,496	4.26
Total	$5,571,578	$292,557	5.25	$132.121	2.37

"The Institute has obtained information on repatriation or purchases by foreigners of issues of 22 countries out of a total of 39 countries still having dollar bonds outstanding in the United States. At the end of 1942 these 22 countries had outstanding $2,720,536,668 principal amount of dollar bonds, of which bonds with a face value of $704,407,035, or 25.89% of the outstanding amount were held abroad. Only $52,931,800 or 7.51% of the total repatriated amount represent bonds of countries which are paying interest in accordance with the loan contract.

"Germany and Japan, which are in complete default of debt service, account for over 62% of total principal amount of bonds repatriated. These two countries have repurchased $243,020,400 and $195,181,080 of face amount of bonds, or 36.57% and 68.77% respectively, of their dollar issues publicly offered in the United States. In contrast, however, to the German repatriation, which was carried out mainly during the period the country was in partial or total default on interest and sinking-fund payments, the repatriation by Japan took place while service of the bonds was fully maintained."

The Institute also notes that the bulletin also discusses recent developments of importance to holders of foreign dollar bonds, including an analysis of the offer of servicing the defaulted eleven bond issues of the four Colombian Banks, made by the Agricultural Mortgage Bank, and the Mexican Government offer to resume debt service on its external loans.

National War Fund's Appeal For $125,000,000 Seen Benefiting Estimated Sixty Millions

More than 60,000,000 people in this and others of the United Nations will be beneficiaries of this Fall's National War Fund campaign, according to figures compiled by the New York Committee of which Emil Schram is Chairman.

This estimate of potential beneficiaries is contained in a statement made available July 12 by the New York Committee under the title "New York Gets Together for Our Men and Our Allies." It explains that a total of $125,000,000 is needed to provide "support for the far-flung USO—the home away from home for our own fighting men; comforts for the 'barbed wire legion' of prisoners of war; food for starving Greece; medical supplies for gallant Russia; aid for the scorched earth of stricken China and the bombed homes of indomitable Britain; assistance for hundreds of thousands of homeless refugees; timely aid for our own armed forces and merchant marine and for our Allies overseas."

All these and other similar causes are included in the National War Fund's appeal for support of 16 major war-related agencies united for the first time in the history of this war, in a single coordinated campaign "to meet the human needs of our fighting forces and our allies."

"In terms of human salvage and morale," the statement declares, "the amount of good done will far outweigh the dollars we give. By strengthening our friends everywhere, we weaken our enemies everywhere, and thereby contribute toward winning and shortening the war."

New York's five boroughs will be called upon to contribute almost $17,000,000, including $14,875,000, or 11.9%, as this city's share of the national goal. More than $1,000,000 of the local goal is for support of the New York City Defense Recreation Committee, now serving upwards of 1,000,000 service men each month. The balance of the New York goal is to finance the work of certain other local war-related agencies whose applications for membership are now before the New York Admissions Committee.

The fund-raising campaign is scheduled to start Oct. 1, and will terminate Dec. 7, 1943, the second anniversary of Pearl Harbor. The money raised will be used to finance the programs of the War Fund agencies through October, 1944. Besides the USO and the New York City Defense Recreation Committee, the agencies include: United Seamen's Service; War Prisoners' Aid; Belgian War Relief Society, Inc.; British War Relief Society, Inc.; French Relief Fund, Inc.; Greek War Relief Association, Inc.; Norwegian Relief, Inc.; Polish War Relief, Inc.; Queen Wilhelmina Fund, Inc.; Russian War Relief, Inc.; United China Relief, Inc.; United Czechoslovak Relief Fund; United Yugoslav Relief Fund; Refugee Relief Trustees and U. S. Committee for the Care of European Children.

Newspaper Editors To Advise OWI On Policy

Palmer Hoyt, Director of the Office of War Information's domestic branch, announced on July 6 the appointment of an advisory committee of nine newspaper editors. Mr. Hoyt also disclosed that the OWI would "work entirely through the accepted media of information," and had suspended issuance of all pamphlets and posters, and had scrapped its field service entirely.

"OWI will not issue any printed matter directly to the public," Mr. Hoyt said.

The advisory committee, according to the Associated Press, is made up of the following:

Roy Roberts, managing editor, Kansas City "Star;" Lawrence L. Winship, managing editor, Boston "Globe;" George W. Healy, Jr., managing editor, New Orleans "Times-Picayune;" Paul Bellamy, editor, Cleveland "Plain Dealer;" Mark Ethridge, publisher, Louisville "Courier-Journal;" Gardner Cowles, Jr., editor and publisher, Des Moines "Register and Tribune;" Fred Gaertner, Jr., managing editor, Detroit "News;" Wilbur Forrest, assistant editor of the New York "Herald-Tribune," and H. D. Paulson, editor, Fargo (N. D.) "Forum."

To the Stockholders:

The annexed Consolidated Balance Sheet, Income Account and Statement of Earned Surplus—which as usual have been prepared and certified by independent auditors and are accompanied by their Certificate of Audit—show as the result of the year's operations of your Company and its wholly-owned subsidiaries a net profit carried to Surplus of slightly more than Five Million Dollars,—this after all charges including necessary reserves, depreciation, tax charges, Federal, State and Local, the amortization of facilities acquired and installed to meet the demands upon the productive capacity of your Company and its subsidiaries as prime contributors to the nation's war effort and (more importantly) the amount, estimated, to be returned to the Government under the operation of the Sixth Supplemental National Defense Appropriation Act of 1942 as amended by the Revenue Act of that year.

In the letter accompanying the report of your Company for the fiscal year ended April 30, 1942 reference was made to the then recently-enacted Federal legislation authorizing the "renegotiation" of contracts having to do, generally, with the country's war programme, and the consequent uncertainty as to what of the profits normally resulting from operations would ultimately be available for distribution by way of dividends.

During the year just closed the war-work contracts of your Company and its wholly-owned subsidiaries for the two years ended respectively April 30, 1942 and April 30, 1943 have been under review in the process of the "renegotiation" directed by the legislation referred to—this involving a revision of the sales prices as fixed by the contracts and the allowance of a profit based on the sales prices as so revised. While that process had not been completed at the close (April 30, 1943) of the fiscal year covered by the annexed Balance Sheet and Statements, and is not completed at the time of this writing, nevertheless it is sufficiently far advanced towards completion to justify at least an estimate as to the final effect upon the profits resulting from operations for the two years noted. In the preparation, therefore, of the figures shown by the statements now submitted to the Stockholders, effect has been given—necessarily retroactive to the close of the fiscal year—to such estimate in the belief that the result of the renegotiation when finally arrived at will not materially differ from the estimate made and effect to which is given in the statements now submitted.

In this situation, while the "uncertainty" referred to above has now been measurably lessened, it still persists—and will persist until the renegotiation proceedings, still pending, are brought to a definitive conclusion.

Out of the earnings of the year, and before its close, there had been declared and paid two quarterly dividends of one and three-quarters per cent each on the Preferred Stock outstanding. Since the close of the year, and out of such earnings, another like quarterly dividend on such stock has been declared, payable July first. It is the expectation of the Management that there will shortly be declared, also out of the earnings of the year, another like quarterly dividend—and with such payment the way will be open for the declaration and payment of a dividend on the Common shares. It is the earnest wish of your Management to put the shares of your Company, both Preferred and Common, on a regular dividend basis—and the Stockholders may be assured that will be done as soon as conditions permit.

During the year the activities of your Company and its subsidiaries as prime producers of materials of warfare for our Government—combat tanks, armor plate, shells, bombs, fuses, valves, metal containers for the transportation of chemicals, mine sweepers, lighters and other vessels for naval use besides an almost infinite variety of miscellaneous supplies—have continued at an intensified rate. Additionally, your Company has been called upon to produce, for Army use both here and abroad, a very considerable number of cars of different kinds, comprising flat, tank, kitchen and gondola cars as well as cars designed to be used as hospitals on wheels.

The vast amount of work your Company has done and is doing—greater by far than at any previous time in its history as evidenced by the fact that your Company entered upon its fiscal year now current with a back-log of business on its books having a money value of approximately Three Hundred and Fifty Million Dollars,—naturally has required a very considerable increase of facilities and personnel. While recognizing the necessity of this, your Management has been careful to see to it that in neither facilities nor personnel has the expansion been beyond the limits dictated by prudence and sound business judgment. While the problems arising, and which are of practically daily occurrence, have been many and complex, yet we have found within the limits of our own organization the ability needed for their successful solution.

In the field of purely domestic business, that having to do with the building of equipment for the railroads of our country, the conditions have been and still are difficult. Your Company has on its books orders for a very considerable number of new cars, which orders it has been unable to fill because of lack of the necessary governmental clearances to permit of their construction—this because of the urgent need for war purposes of the materials, steel and other, which must enter into their construction. There is no question that these cars are needed by the roads, and undoubtedly the necessary clearances to permit of their building will be forthcoming just as soon as the exigencies of the military effort will permit. Meanwhile, as above indicated, your Company's facilities for the manufacture of railroad equipment are, and in all probability will for some time to come continue to be, largely engaged in supplying the demand of the Army for rolling stock for its use here and abroad.

Fortunately your Company, because of the size, location and equipment of its various plants, is in position to respond efficiently and promptly to such demands as may be made upon it, whether that demand be for the production of materials of war, offensive and defensive, or for vehicles of transportation for military and other use.

While, naturally, the attention of your Management is and, until the world war in which our country is now engaged comes to its inevitable victorious end, will continue to be centered upon the obligation of your Company to support to the utmost extent of its ability and resources the war effort of our Government, yet full measure of consideration is being given to the problems that will confront us following the peace. Those problems undoubtedly will be many and perplexing and the approach to their successful solution entails the most thorough research and careful study of conditions, probabilities and possibilities. The transfer of our activities from a war-time to a peace-time basis will present many difficulties of adjustment, financial and other—but your Management is confident that such difficulties will be met and overcome successfully, just as our organization has met and successfully overcome the difficulties attendant upon our change-over from peace-time pursuits to activities so largely and importantly of a military nature.

It is probable that immediately following the peace and possibly even before then, there will come from the roads of our own country a demand, so insistent that compliance with it will be imperative, for new equipment by way of rolling stock to replace that destroyed or worn out beyond repair by reason of the heavy and continuous service given by the roads during these years of national emergency. It is probable also that, with the coming of peace, there will devolve upon our Government the major part of the task of rehabilitating those countries whose industrial and economic life has been disrupted and shattered by the impact of these years of unparalleled warfare. Of first importance in that process of rehabilitation will be the restoration of the systems of transportation—and this undoubtedly will require the making here for use abroad of the necessary equipment, both rolling stock and motive power, until such time as the foreign industries are sufficiently re-established to care for their own domestic needs. Your Management feels justified, therefore, in looking forward to a period of intensified activity in the industry—the manufacture and sale of railroad equipment and rolling stock—in which for many years your Company has held a commanding position.

It will be noted from the statements submitted that your Company is in a strong, healthy and liquid position, and is amply able to take care of all its obligations. It has no fixed debt and no bank or other loans outstanding. The item of Advance on Government Contracts shown on the liability side of the Balance Sheet is a self-liquidating item, representing advances made by the Government to cover, in part, the cost of materials entering into the product in course of manufacture and to be repaid by proportionate deductions from invoices for the completed product as delivered. Inventories have, as usual, been taken at cost or less and not in excess of market prices, were all verified at or near the close of the year under the supervision of responsible employees of your Company and have been conservatively valued—and while large in amount are not out of line with the vast volume of business on our books.

With sorrow there is recorded the death, on February 7, 1943, of William J. Harris after fifty-four years of faithful and efficient service rendered and who at the time of his death was your Company's Vice-President in charge of Purchases.

Your Management is glad to express to each and every member of our organization its thanks and appreciation for the loyal, intelligent and efficient cooperation and aid given it in the working out to a successful conclusion of the many and difficult problems presented in the course of the year's operations—a cooperation and aid that have been of incalculable value in enabling your Company fully to perform its duties and obligations to our Government and our Stockholders in these trying times.

For the Board of Directors:

Respectfully submitted,

CHARLES J. HARDY, *President.*

June 29, 1943.

a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

FORTY-FOURTH ANNUAL REPORT—YEAR ENDED APRIL 30, 1943

CONSOLIDATED BALANCE SHEET APRIL 30, 1943

ASSETS

*PLANT AND PROPERTY ACCOUNT			$ 65,208,073.60
Land and Improvements		$ 7,674,901.04	
Buildings, Machinery and Equipment	$77,232,059.38		
Less: Amortization and Reserve for Depreciation	38,740,012.71	38,492,046.67	
Intangibles		19,041,125.89	
CURRENT ASSETS			169,235,787.92
Cash in banks and on hand		$24,612,256.53	
U. S. Government Bonds, Treasury Bills and Treasury Tax Notes at cost (Quoted market value $73,620,376.50)		73,619,110.25	
Accounts Receivable, less reserve		18,553,784.91	
**Notes Receivable, less reserve		2,447,203.78	
Inventories at cost or less, and not in excess of present market prices		48,078,272.48	
Advance payments to Vendors for materials contracted for		281,655.94	
Marketable Securities, at cost or less (Quoted market value $1,757,345.82)		1,643,504.03	
SPECIAL RESTRICTED DEPOSITS (U. S. GOVERNMENT CONTRACTS)			21,679,088.44
PREPAID TAXES, INSURANCE, ETC			430,915.14
MISCELLANEOUS SECURITIES, less reserve			173,771.91
SECURITIES OF AFFILIATED COMPANIES, less reserve			274,563.50
POST WAR CREDITS ON EXCESS PROFITS TAXES (estimated)			2,500,000.00
NOTES AND ACCOUNTS RECEIVABLE OF AFFILIATED COMPANIES, less reserve			4,729,736.10
TREASURY STOCK AT COST			533,399.75
10,550 shares of Preferred Capital Stock			
600 shares of Common Capital Stock			$264,765,366.36

*Plant and Property of parent Company included in above valuations were inventoried and valued by Coverdale & Colpitts, Consulting Engineers, as of April 30, 1939, on the basis of values at March 1, 1913, with subsequent additions at cost. Plant and Property of Subsidiary Companies are included at cost. Plant and Property includes $13,010,249.07 represented by expenditures for extension of plant facilities under the National Defense and War Programs; aggregate amoritization thereon has been taken in the amount of $7,897,384.38 to April 30, 1943. **Includes $1,948,081.82 maturing subsequent to one year.

LIABILITIES

CAPITAL STOCK		
Preferred, authorized and outstanding (300,000 shares—par value $100.00 per share)		$ 30,000,000.00
Common, authorized and outstanding (600,000 shares—no par value)		30,000,000.00
CURRENT LIABILITIES		144,362,272.45
Accounts Payable and Pay Rolls	$ 8,933,849.99	
Provision for Federal, State and Local Taxes, including (estimated) amount due on Renegotiation of U. S. Contracts through April 30, 1943	135,344,109.24	
Advance payments received on sales contracts	84,313.22	
ADVANCES ON GOVERNMENT CONTRACTS		22,016,000.13
RESERVE ACCOUNTS		7,251,811.07
For Insurance and Contingencies including possible tax and other adjustments	$ 5,317,266.33	
For Dividends on Common Capital Stock, to be paid when and as declared by Board of Directors	1,934,544.74	
EARNED SURPLUS ACCOUNT		31,135,282.71
		$264,765,366.36

Contingent Liabilities: Secured notes purchased by American Car and Foundry Securities Corporation, a wholly-owned subsidiary, and by it resold under agreement to repurchase in event of default, and secured obligation of Shippers' Car Line Corporation sold with guarantee; aggregate amount $671,153.36.

STATEMENT OF CONSOLIDATED EARNED SURPLUS

Consolidated Earned Surplus, April 30, 1942		$ 33,390,871.59
Add: Net Earnings for year		5,055,718.69
		$ 38,446,590.28
Less: Renegotiation Refund (estimated) fiscal year ended April 30, 1942	$ 8,385,617.07	
Less: Reserve for Contingencies	5,500,000.00	2,885,617.07
		$ 35,560,973.21
Less: Dividends on Preferred Capital Stock publicly held, $15.29 per share, paid during year (See Note #1)	$ 4,425,690.50	
Dividend on Common Capital Stock publicly held, $1.00 per share	599,400.00	
	$ 5,025,090.50	
Deduct—Common Stock Dividend charged to Reserve available for that purpose	599,400.00	4,425,690.50
Consolidated Earned Surplus, April 30, 1943		$ 31,135,282.71

NOTE # 1: Dividends on Preferred Capital Stock paid during the year:
$7.00 per share out of earnings for year ended April 30, 1936; $3.50 per share out of earnings for year ended April 30, 1942;
$1.29 per share out of earnings for year ended April 30, 1938; $3.50 per share out of earnings for year ended April 30, 1943.

STATEMENT OF CONSOLIDATED INCOME ACCOUNT

Gross Sales, less discounts and allowances		$289,275,689.04
Cost of goods sold, including Administrative, Selling and General Expense, but before Depreciation and Amortization		250,736,879.07
		$ 38,538,809.97
Depreciation and Amortization		6,021,000.44
Earnings from Operations		$ 32,517,809.53
Other Income:		
Dividends	$ 19,715.21	
Interest	1,531,014.53	
Royalties	7,976.60	
Miscellaneous	242,312.76	1,801,019.10
		$ 34,318,828.63
Other Charges:		
Interest	$ 87,971.40	
Royalties	780,814.98	
Miscellaneous	100,328.70	
Loss on Property Retirements	919,092.86	1,888,207.94
Net Earnings before Provision for (estimated) Federal Income Taxes, Contingencies and Adjustments		$ 32,430,620.69
Deduct — Provision for (estimated) Federal Income and Excess Profits Taxes:		
Normal income tax	$ 2,168,892.13	
Excess profits tax	25,706,009.87	
	$27,874,902.00	
Less: Post War Credits (estimated) on Excess Profits Taxes	2,500,000.00	25,374,902.00
Net Earnings for year before Provision for Contingencies, including possible tax and other adjustments		$ 7,055,718.69
Deduct—Provision for Contingencies, including possible tax and other adjustments		2,000,000.00
Net Earnings Carried to Surplus		$ 5,055,718.69

ERNEST W. BELL AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
25 Beaver Street, New York

TO THE STOCKHOLDERS OF
AMERICAN CAR AND FOUNDRY COMPANY,
30 CHURCH STREET, NEW YORK CITY.

We have examined the Consolidated Balance Sheet of the American Car and Foundry Company and its wholly-owned subsidiaries as of April 30, 1943, and the Consolidated Statements of Income and Surplus for the fiscal year then ended, have reviewed the systems of internal control and the accounting procedures of the companies, and without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We were unable to confirm by direct correspondence amounts due from the United States Government, but have satisfied ourselves as to their correctness by extending our tests of the accounting records pertaining to such receivables.

In order to avoid any slowing down of the war effort, inventories of work in process applicable to certain United States Government war contracts were not taken. These inventories are reflected in the financial statements at their book values, and represent approximately 42% of the total inventories. We have reviewed the cost records supporting such book values and are satisfied that they are conservatively stated.

In our opinion, the accompanying Balance Sheet and related Statements of Income and Surplus present fairly the consolidated position of the American Car and Foundry Company and its wholly-owned subsidiaries at April 30, 1943, and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Yours very truly,

Ernest W. Bell and Company

New York, June 25, 1943.

Municipal News & Notes

Halsey, Stuart & Co. Inc. and an associated group of dealers are offering today $22,111,000 State of Arkansas 3¼% and 3% Highway Refunding Bonds of 1941. The bonds are a part of a total issue of $136,330,557 authorized by the General Assembly of 1941 to refund the outstanding obligations of the State issued under the refunding program authorized in 1934 and designed to remedy the 1933 default in payment of principal and interest on the State's highway obligations. The bonds constitute, in the opinion of counsel, valid obligations of the State for the payment of which, both principal and interest, the full faith and credit of the State and all its resources are irrevocably pledged. The Act under which the bonds are issued provides among other things that the first $10,250,000 of highway revenues going into the State Highway Fund in each fiscal year shall be set aside in the ratio of 70% exclusively for highway debt service and 30% for highway maintenance.

The present offering consists of $14,315,000 3¼% Serial Bonds, due in varying amounts, April 1, 1946-1969, priced to yield 1.20% to 2.80%; $2,571,000 3% Serial Bonds, due in varying amounts April 1, 1969-1972, priced at 104.50%, to yield 2.75% to 2.77%; $5,225,000 3¼% Term Bonds, due April 1, 1972, optional in various amounts each April 1, 1944-1971. The optional bonds are priced to yield 0.75% to 2.85% to the first optional dates, and 3¼% thereafter to maturity. The 1972 maturity is priced to yield 2.85%.

Other leading participants in the offering includes: Lazard Freres & Co., The Northern Trust Company, Otis & Co., Bank of America, A. C. Allyn and Company, Hornblower & Weeks, C. F. Childs and Company, Equitable Securities Corporation, Mullaney, Ross & Company, Commerce Union Bank of Nashville and R. S. Dickson & Company, Incorporated.

Arkansas's Industrial Progress Impressive

A comprehensive review of the industrial and agricultural progress and potentialities of the State of Arkansas, illustrated by some 100 photographs, is being published by Halsey, Stuart & Co., Inc., Chicago and New York, it was announced July 9.

The publication is in the form of a 24-page brochure entitled "Re-Appraising Arkansas." Text and illustrations were prepared in cooperation with State officials and with the approval of Governor Homer M. Adkins. A comparable brochure, titled "Appraising Arkansas," was published by Halsey, Stuart & Co., Inc., in April, 1941.

"The greatest recent gain in Arkansas," the brochure states, "has been in its mineral production; likewise one of its greatest potentialities for future gains lies in this field and in the processing of its mineral products. Thirty-five minerals are found in Arkansas, of which 25 are being produced commercially. Those of greatest present economic importance are bauxite (from which aluminum is made), petroleum, natural gas and coal.

"Arkansas now accounts for 95% of all domestic bauxite production. Though under existing enormously increased demands (to offset reduced imports resulting from war-time shipping difficulties) its reserves of presently known higher-grade ores are being rapidly consumed, recently improved reduction facilities make possible the profitable utilization of its lower-grade ores, which exist in quantities adequate, according to well-informed sources, for many years. Whereas previously all bauxite mined in Arkansas was shipped elsewhere for reduction and manufacture into aluminum pigs, both processes are now carried on at two recently completed mills of the most modern type. These were financed by Defense Plant Corporation and are operated under lease by Aluminum Company of America. The two plants represent an investment of about $70,000,000."

Under the heading of Agriculture, the brochure points out that the Arkansas cotton yield in 1942 was 1,485,000 bales (third among the Southern States). The per acre yield of 362 pounds was the highest the State has attained. Production of soy beans and peanuts more than doubled.

Arkansas is also reported third among the Southern States in the production of timber, and the State in 1941 (latest available figures) produced approximately two billion feet of lumber and 683,300 cords of pulpwood, the manufactured value of which was more than $96,000,000.

The electric situation, both hydro and steam-generated, is reported as favorable, with 57 generating plants exclusive of private industrial units, in operation and two large generating plants in process of installation. One of the latter, a 30,000-kw. unit, will be fueled with purified sour gas, extensive fields of which are located in the State.

The brochure concludes by stating: "Specifically, the State's further industrial expansion will take two courses, small manufactures for local demand and larger establishments for both local and outside consumption. Such operations as canning, abattoirs, poultry plants, creameries, furniture manufacturing and low-cost apparel for local consumption may be expected to expand as the economic status of the population continues on its present upward trend. . . . Given the capital and the managerial skill which the State's resources invite and appear to warrant, Arkansas stands on the threshold of important further industrial development."

Delaware River Commission Bonds Offered To Investors

Harriman Ripley & Co., Inc., Drexel & Co., Smith, Barney & Co., and Lehman Brothers, head a nation-wide investment banking group including 95 firms and houses which is offering today at **102%** and accrued interest a new issue of **$37,000,000 The Delaware River Joint Commission 2.70%** refunding bridge bonds (Philadelphia-Camden Bridge) due Aug. 1, 1973. The purpose of this financing is to provide funds for the redemption on September 1, next, at 105% and accrued interest of $35,238,000, 4¼% bonds of the Commission due 1944-73.

As of June 30, 1943, the bonds to be redeemed from the proceeds of this financing together with $465,000 principal amount of 4¼& bonds maturing September 1, 1943 constituted the entire outstanding funded debt

(Continued on page 207)

Tomorrow's Markets Walter Whyte Says—

(Continued from page 203)

few more points to their prices. But what I warned against in last week's column —to watch out for reversal—occurred. Eastern Air Lines, which was at 42 and which this column said indicated a rise to 45-46, managed to just shave the 45 figure and then sold off to 42 again. TWA, at 24, showed signs of a rally to 26-27. It got to 25⅜ and backed off to 24.

* * *

The same thing happened in the farm equipments. Oliver Farm, the outstanding stock of the group, had everything in its favor. I warned, however, that if it turned down it would mean the end of the move for the whole group. You know what happened.

* * *

The over-all answer to all these actions is the sober conclusions that stock after stock and group after group has made its objective, or is close enough to it to warrant the professional trader to be extremely cautious.

* * *

It is reasonably certain that war news does not affect the market as much as the average man in the customers' rooms thinks it does. Therefore, to get a new impetus for another move the news on which it can feed must come from home.

* * *

For an example of how news affects stock prices before it becomes public knowledge take a look at the airplane issues. Everybody knows that the airplane stocks have been going down for some time. Last week I felt they were low enough to warrant a speculation with close stops. In suggesting the purchase of two stocks in this category I warned, however, that if they did not hold their critical levels, "you can be reasonably certain there is something radically wrong with the industry." Over the week-end it happened. The Truman Committee came out with a report. There is no point in discussing this report. You have already read it in your daily paper.

What is important is that Sperry—an airplane accessory—which you bought at 30, with a stop at 29, broke through with a bang. But United Aircraft, which you bought at 38, has so far stayed above its stop price. But if it doesn't hold 36 don't hold it.

* * *

So far as the rest of the stocks you have are concerned current advice is as follows.

* * *

Reynolds Tobacco B, which you got at 31½, is now about 32. Raise your stop to 30.

* * *

Electric Auto-Lite, bought at 38, keeps its old stop at 37 But if it gets to 39 and runs into dullness don't wait for the 37 figure to be broken Get out then.

* * *

Fairbanks Morse bought at 39; keep stop at 37.

* * *

Flintkote, bought at 20½, with a stop at 19½, may run into trouble at 21 this week. If at 21 it hems and haws and no volume, step out of this one, too.

* * *

You still hold two old stocks, National Distillers at 31 and Newport Industries at 16. The former is now at 34 and the latter is still at 16. Raise your stop in Distillers to 32. In Newport keep the old stop at 14.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Seaboard Reorganization Possibilities Interesting

L. H. Rothchild & Co., 120 Broadway, New York City, have prepared an interesting study of the significance of the Special Master's plan for the reorganization of Seaboard Air Line which will be presented to the Court prior to July 20th. Copies of this interesting study may be had upon request from L. H. Rothchild & Co.

Situations of Interest

Stromberg - Carlson, Federal Screw Works, Bartgis Brothers and Segal Lock & Hardware offer attractive situations, according to memoranda prepared by Herzog & Co., 170 Broadway, New York City. Copies of these interesting memoranda may be obtained upon request from Herzog & Co.

A Bank of International Cooperat'n—World RFC

(Continued from first page)

tional trade balances. The Keynes and Morgenthau proposals, in Mr. Dewey's opinion, represent nothing more than a means of supporting the unfavorable foreign trade of some weaker country on the favorable trade of a stronger one, inevitably pulling the stronger to the level of the weaker.

Since publication of the article, the "Chronicle" has received various comments regarding the program suggested by Mr. Dewey, and several of them were given in last week's issue. In the interim, the following expression has come to hand:

A. M. SAKOLSKI
Professor of Business Administration, The College of the City of New York

I have read with much interest Congressman Charles S. Dewey's article on the proposal of the establishment of an international "Bank of Cooperation." This proposal would not eliminate the international exchange problem, nor would it stabilize domestic currencies. It amounts to nothing more than a commodity purchasing corporation. Inasmuch as it is to be limited to the acquisition of strategic materials, or to such commodities as may be in demand in specific countries beyond the domestic production, it would accomplish nothing more than that which could be done by private speculation and enterprise. It is my belief that the plan would lead the "bank" into commodity speculation on a large scale, and commodity speculation is the most dangerous and obnoxious of all forms of speculation. I doubt very much whether the investing public would buy the "debentures" of such an institution unless there was a Government guarantee behind them.

IBA Nominees Are Announced

(Continued from page 202)

Victory Fund Committee of the Fifth Federal Reserve District.

Long prominent in civic activities in the Capital, he served in 1940 as general chairman of the Community Chest Drive, is at the present a member of the executive committee of the Community War Fund and since 1942 has been chairman of the Red Cross Chapter of the District of Columbia. In addition, he is a member of the Ways and Means Committee of the Washington Cathedral and is on the executive committee of Garfield Hospital.

With the IBA, besides having been elected as vice-president twice, he has served on numerous important committees including the Federal Legislation Committee, of which he is currently chairman, the Education Committee, Public Information Committee and Securities Acts Committee.

Mr. Folger was born in Sheldon, Iowa, May 28, 1896, lived for many years in the State of Washington, and was graduated from the State College of Washington, class of 1917, receiving the degrees of B.S. and M.S.

Nomination of Mr. Folger to head the IBA was previously reported in the Financial "Chronicle" of July 8th.

Interesting Possibilities

Straus Securities Company, 135 So. La Salle St., Chicago, Illinois have prepared individual studies and reports on seventy-three issues which they believe offer attractive possibilities. Copies of these studies, which are listed in their advertisement on page 204, may be obtained from Straus Securities Company on request.

Real Estate Securities

(Partial reprint of article in our Sept. 17, 1942 issue)

"An Inflation Hedge Hotel Securities Show Market Strength"

"A decided trend of capital being invested in selected real estate securities as a hedge against the inflation threat is noted by brokers who specialize in that type of security.

"Investors are seeking a tangible investment for their money and feel that these securities backed by real property provide such a medium as real estate values traditionally increase when prices become inflated. For many years before the depression, real estate mortgage bonds occupied a preferred position as investments. Today they still are looked upon favorably by insurance companies who have about 19% of their assets so invested.

"Many investors, needing and depending on income and seeing the effect of high taxes in reducing stock dividends, have turned to fixed interest bonds in order to maintain a return on their invested capital.

"These factors have already had the effect of increasing market values of many issues in the real estate field. Several bonds secured by hotel properties have shown a gradual but steady increase due to the marked increase in business and earnings of the properties. Sizable amounts of cash available from earnings after payment of interest on the bonds, used as a sinking fund for purchase and retirement of bonds to reduce the outstanding mortgages, have the natural tendency of stabilizing and increasing market prices. At current levels, many of these bonds offer a yield considerably in excess of 6% with more than usual appreciation possibilities."

(end of reprint)

Market Action

We give below a table showing the market action of several hotel securities, comparing bid prices today with a year ago.

	—Bid Prices— July 12, 1943	July 12, 1942
Albany Metrop. 5½s, 1949	86	81
Allerton New York 3-6s	31½	12¾
Ambassador Hotel 5s, 1950	69	29½
Beacon Hotel 2-4s, 1958	16¾	7
Benjamin Franklin 3-5s	89¾	62
Berkeley Carteret 1st 5½s	51	48
Hotel Drake 5s, 1953	44	28
Hotel Lexington Units	72	39½
Hotel St. George 4s, 1950	52¼	37½
Hotel Taft 5s, 1947	92	78
Hotel Waldorf 1953-54	19¼	2¾

Hotel business today is near its peak for all times and we believe this condition will exist for several years. Increased earnings, in our opinion, must be reflected in higher market prices for the outstanding securities.

Our Reporter's Report

(Continued from page 203)

term investments which can be quickly converted into cash at the Federal Reserve Bank or sold in the open market.

Giving effect to such bill holdings, the bank calculates that New York institutions have, to all intents and purposes, some $2,000,000,000 in excess reserves, about half the total at their peak, and if holdings of $2,500,000,000 of certificates maturing in less than a year are added, the total would exceed that of free reserves shown at the peak.

Three Issues This Week

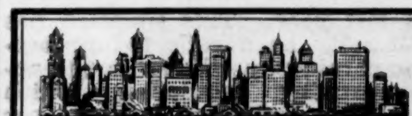
The investment fraternity was able to bring about three corporate financing undertakings this week, two of which were slated to reach the market today.

These consisted of a secondary offering of $2,744,000 of 5% sinking fund debentures, due July 1950, of Jacob Ruppert, being marketed by bankers for the account of a group of large stockholders, and blocks of preferred and common stock of United States Plywood Corp. The latter was made up of 4,050 shares of preferred and 13,500 shares of common.

Tomorrow, unless something happens to change the situation, investors will have opportunity of subscribing for $7,000,000 of ten-year 3¼% sinking fund debentures of the Consolidated Cigar Corp.

NY Bank Stocks Compared

An interesting tabulation of comparative figures for leading New York banks and trust companies as of June 30th, 1943, have been prepared by the New York Hanseatic Corporation, 120 Broadway, New York City. Copies of this interesting table may be had upon request from the New York Hanseatic Corporation.



Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

In accord with expectations, mid-year statements of New York City banks show second quarter indicated earnings to be substantially above those of the first quarter, and also above those of the second quarter of 1942. The reason for such a favorable showing obviously lies in the strong growth in the volume of earning assets which these institutions have experienced over the past year, as a result of the Government's war financing program. In this connection it is of interest to examine the accompanying table which shows the changes that have taken place in the reported assets of the Federal Reserve member banks, New York City, since January, 1942.

(Millions of Dollars)

Date 1942—	Comm. Loans	Total Loans	U. S. Govt's.	Total Invst's.	Total Loans & Invst's.
January 7	$2,578	$3,778	$6,983	$8,447	$12,225
February 4	2,645	3,755	6,932	8,382	12,137
March 4	2,734	3,876	7,157	8,595	12,471
April 2	2,793	3,895	7,033	8,507	12,402
May 6	2,614	3,738	7,447	8,830	12,568
June 3	2,588	3,771	7,630	8,963	12,734
July 1	2,576	3,738	7,878	9,127	12,864
August 5	2,595	3,793	8,212	9,473	13,266
September 2	2,541	3,646	8,547	9,860	13,506
October 7	2,600	3,626	8,990	10,322	13,959
November 4	2,605	3,862	9,936	11,128	14,990
December 2	2,538	3,815	10,286	11,438	15,253
1943—					
January 6	2,392	3,669	11,666	12,831	16,500
February 3	2,402	3,599	11,674	12,823	16,422
March 3	2,324	3,448	11,374	12,546	15,994
April 7	2,255	3,443	11,632	12,753	16,196
May 5	2,225	4,422	12,727	13,722	18,144
June 2	2,213	3,850	13,416	14,390	18,240

It will be observed that although commercial loans have declined, total loans are moderately higher. This is because of increased activity in brokers' loans. Holdings of Government bonds and notes have advanced sharply from $6,983,000,000 on Jan. 7, 1942, to $13,416,000,000 on June 2, 1943, an increase of $6,433,000,000, equivalent to approximately 92%. Total loans and investments have advanced 50%.

During the first six months of 1942 total loans and investments averaged $12,920,000,000; during the first six months of 1943 they averaged $16,912,000,000. In other words, earning assets of these banks have averaged some $4,000,000,000 or 31% greater in volume, during the first half of this year compared with the first half of last year. This situation has naturally been reflected in better earnings, as shown in the accompanying tabulation, which gives the indicated earnings per share of 18 New York City banks for the first and second quarters and the first six months of 1943 vs. the same periods in 1942.

After eliminating the special non-recurring profits cited in footnotes (1) and (2) under the tabulation, indicated earnings of these 18 banks averaged approximately 18.5% higher for the first half of this year over the first half of 1942. It will also be observed that, in most cases, current dividend rates are being comfortably covered, and in some instances, generously covered.

Of unusual interest is a mid-year operating report by Bankers Trust, on the standard form adopted by most of the banks in New York City last year. This report shows net operating earnings for the first six months of 1943 to be $4,711,938, equivalent to $1.88 per share. This compares with indicated earnings shown above of $3.64. This latter figure, however, includes $7,500,000 transferred from reserves to undivided profits and also reflects $2,000,000 charged against undivided profits in connection with writing down the book value of the banking premises. After allowance for these items indicated six months' earnings become $1.64 compared with $1.88 reported net operating earnings.

INDICATED EARNINGS PER SHARE

New York City	1942 First Quarter	1942 Second Quarter	1942 Six Months	1943 First Quarter	1943 Second Quarter	1943 Six Months	Half Year Dividend
Bank of Manhattan	$0.30	$0.33	$0.63	$0.30	$0.36	$0.66	$0.45
Bank of New York	3.97	4.61	8.58	5.58	6.47	12.05	7.00
Bankers Trust	0.61	0.65	1.26	0.76	*2.88	3.64	0.70
Brooklyn Trust	1.05	1.32	2.37	1.02	1.63	2.65	2.00
Central Hanover	1.11	1.15	2.26	1.25	1.30	2.55	2.00
Chase National	0.36	0.40	0.76	0.58	0.77	1.35	0.70
Chemical	0.55	0.60	1.15	0.62	0.69	1.31	0.90
Commercial National	2.84	3.27	6.11	3.45	4.61	8.06	4.00
Cont. B. & T.	0.25	0.25	0.50	0.40	0.44	0.84	0.40
Corn Exchange	0.73	0.80	1.53	0.72	0.91	1.63	1.20
First National	17.69	27.39	45.08	17.14	32.69	49.83	40.00
Guaranty	3.00	3.00	6.00	4.00	5.23	9.23	6.00
Irving	0.16	0.16	0.32	0.18	0.20	0.38	0.30
Manufacturers	0.91	0.95	1.86	0.92	1.25	2.17	1.00
¶National City	0.37	0.48	0.85	0.46	†1.74	2.20	0.50
New York Trust	1.26	1.23	‡2.49	‡1.38	§1.41	2.79	1.75
Public National	0.67	0.74	1.41	0.69	0.82	1.51	0.75
U. S. Trust	15.26	13.25	28.51	16.05	16.47	32.52	35.00

*Reflects transfer of $2.80 from reserves and $0.80 write-down of building; adjusting for these, indicated earnings are $0.88. †Includes $1.00 distribution by City Co. and $0.21 recoveries credited to surplus; after adjustment, indicated earnings are $0.53. ‡On 500,000 shares. §On 600,000 shares. ¶Includes City Bank Farmers Trust.

National City Bank also issued six-month operating figures, which show net operating profits to have been $1.08 per share, including City Bank Farmers Trust. These earnings are exclusive of recoveries and security profits which have been credited to reserves, except for $1,250,000 of recoveries which, together with a $6,250,000 distribution by the City Company of New York, were added to surplus. Indicated six-month earnings shown in the tabulation include the above $7,500,000; when this is allowed for, indicated earnings become $0.99 per share compared with $1.08 reported.

The earnings outlook for leading New York City banks over the balance of 1943, and longer, appears both interesting and favorable.

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effects, and the contention of this paper is that the time allowed must be adequate. More time may be purchased at a smaller real cost than less time.

12. There is one final observation of a general character which should be made. The new international monetary institution which it is proposed to establish will be neither omniscient nor omnipotent. Its aim will be to promote conditions in which member countries are free to carry out sound economic policies for the welfare of their own people and in which they will not be induced or forced, for lack of organized cooperation, to pursue policies which impoverish themselves and contribute to the impoverishment of the world. The organization should be international and not supranational. Nations should enter into the proposed agreement for common purposes and advantages., realizing that without such agreement the common purposes cannot be achieved. In their national policies, countries should be limited only by their own will in entering and remaining in the organization. If the proposed institution functions well, it will have at its disposal more information regarding the currents of international financial transactions and the causes of disequilibrium than has ever been available before. It will be in a position to offer informed and disinterested advice to its members. It may be hoped that the quality of the advice offered will be such that it will carry great weight. But no member state should be asked to bind itself in all circumstances to follow the advice given by the organization. Moreover, if a country feels at any time that its national interests are being jeopardized by the actions of the organization, and is willing to sacrifice the advantages of continued membership, it should be free to withdraw after making provision to liquidate its obligations to the organization or, if the country is a creditor, it should have returned to it its original contribution to the resources of the organization. The proposals here advanced are put forward in the belief that a soundly conceived international agreement can give greater scope for national policies than can exist outside it.

13. To sum up these general observations, it is suggested that:

(a) An international agreement for the establishment of an international monetary organization which involves the extension of credit is essential if international cooperation in the post-war world is to be achieved.

(b) Such machinery will deal with only one of the numerous problems which must be faced, but it is a logical and convenient starting place for joint international action.

(c) The credit made available through the international monetary organization should be adequate to deal with that portion of current account surpluses and deficits which is not met by relief and other concerted international action in the years immediately after the war; it should be sufficient to provide a firm basis on which multilateral world trade can be re-established after the war; and it should provide time to countries which find their international accounts unbalanced to take the necessary corrective measures to adjust their position.

(d) The extension of credit is not a cure-all; it merely provides time for adjustments; and unless unbalanced positions (except those accompanying long-term capital movements) are brought into equilibrium, any arrangements made will break down.

(e) No country participating in the arrangements loses control over the size of its international commitments, since it can determine their size by its own action, if it wishes to do so.

(f) No country participating in the arrangements loses control over its domestic economic policies.

Tentative Draft Proposals of Canadian Experts for An International Exchange Union

I. Purposes of the Union

1. To provide for stability of exchange rates and to provide an orderly method for their determination.

2. To provide a convenient clearing mechanism to settle balances in international payments.

3. To provide to all countries access to foreign exchange resources in order to reduce the danger that economic and commercial policies in the period immediately after the war will be largely determined by a shortage of foreign exchange and to enable countries thereafter to be guided in their economic and commercial policies by long-run considerations when faced with a temporary reduction of foreign markets.

4. To aid in the achievment of international equilibrium by

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Plastics—An Industry Of Tomorrow

The future prospects for the plastics industry are most promising according to an interesting study prepared by C. B. Richard & Co., 60 Beaver St., New York City, members of the New York Stock Exchange. Copies of this interesting study may be had from the firm upon request—ask for "Industries of Tomorrow—No. 3—Plastics."

Lawrence Lindsay Joins Harriman Ripley & Co.

CHICAGO, ILL.—Lawrence J. Lindsay has become associated with Harriman Ripley & Co., Inc., 135 South La Salle Street. For the past twenty-two years Mr. Lindsay has been with C. W. McNear & Co.

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measures designed to prevent excessive short-term borrowing through the Union or the excessive accumulation of uninvested foreign surpluses.

5. To contribute to the re-establishment and development of a multilateral trading system and to the elimination of discriminatory trading and currency practices.

II. Resources of the Union

Member countries shall agree to make the following resources available to the Union:

1. A capital subscription to the amount of the quota assigned to each member country, the aggregrate of such quotas to be $8,000 million.

Detailed provisions regarding 1—Quotas and Capital Subscription.

(a) **Determination of Quotas**—The quota for each member country shall be determined by a formula which will give due regard to factors such as international trade, national income, and holdings of gold and foreign exchange convertible into gold. A special assessment may be levied in any case where this formula would be inappropriate.

(b) **Payment of Capital Subscriptions**—The capital subscription of each member country shall be paid up in full on or before the date set by the Governing Board of the Union on which the Union's operations are to begin. Each member country shall pay in at least 15% of its quota in gold and the balance in national currency; a country may substitute gold for national currency in meeting its quota requirements. The Union may make such arrangements as it deems appropriate to provide a period of time within which countries having less than $300 million in gold or foreign exchange convertible into gold in official exchange reserves may pay up their gold contribution in full, the equivalent in national currency to be paid in the interval. Notwithstanding the provisions of subsequent paragraphs, the Union shall sell foreign exchange to such member countries for the purpose of acquiring gold to pay their capital subscriptions.

(c) **Change in Quotas** — The Board may from time to time change the quotas of particular member countries, provided, however, that in voting on proposals to increase quotas the voting strength of each member shall be increased or decreased to take account of the Union's net sales or purchases of the currency of each member country in accordance with the weighted voting formula set out in IX.3 below. No increase shall, however, be made in the quota of any country without the consent of the representative of the country concerned.

2. Loans to the Union, as required, in amounts not exceeding 50% of the quota of each member country.

Detailed provisions regarding 2—Loans to the Union:

(a) **Conditions of Borrowing**—The terms and conditions of loans made by member countries to the Union under the provisions of Paragraph II.2 shall be set out in the rules and regulations of the Union. The Union's authority to borrow domestic currency from member countries in amounts up to 50% of their quotas shall be a revolving authority. The Union shall not exercise its right to borrow until it has used its available gold resources to acquire additional supplies of the currency in question. Subject to the provisions of the preceding sentence, the Union must exercise its right to borrow when its holdings of the currency of any member country have been reduced to 10% of the quota of that member country. When the Union exercises its right under the provisions of paragraph II.2 to borrow additional supplies of the currency of any member country it shall have the duty to attempt to improve its position in the currency concerned by acquiring the currency or gold from the holdings of other member countries for payment in their national currencies or in other foreign exchange they need.

(b) **Conditions of Repayment**—The Union shall have the right to repay loans contracted under the provisions of paragraph II.2 at any time. The member country making the loan shall have the right to demand repayment in gold to the extent of the Union's gold holdings at any time and shall also have the right to demand repayment in its national currency, provided that such repayment does not reduce the Union's holdings of that currency below 50% of the quota of the member country. Member countries shall agree to give 30 days' notice of demand for repayment of loans made to the Union under the provisions of the present article.

III. Monetary Unit of the Union

1. The monetary unit of the Union shall be an international unit of such name as may be agreed (hereafter referred to as the Unit) and it shall consist of 137 1/7 grains of fine gold. The accounts of the Union shall be kept and published in terms of the Unit.

2. The value of the Unit in terms of gold shall not be changed without the approval of four-fifths of member votes.

3. Member countries shall agree with the Union the initial values of their currencies in terms of gold or the Unit and, except as provided in paragraph IV.2 below, shall undertake not to alter these values without the approval of the Union.

4. Deposits in terms of the Unit may be accepted by the Union from member countries upon the delivery of gold to the Union. Such Unit deposits shall be transferable to other member countries. They shall be redeemable in gold and the Union shall maintain at all times a 100% reserve in gold against all Unit deposits.

IV. Exchange Rates

1. The Union shall fix, on the basis of exchange rates initially agreed between it and each member country, the rates at which it will buy and sell one member's currency for another's and the rates in local currencies at which it will buy and sell gold. The spread between the Union's buying and selling rates for member currencies and for gold shall not exceed 1%. Except as provided in paragraph IV.2 below, member countries shall agree not to change the initially agreed exchange rates without the approval of the Union and any country which alters the value of its currency without the consent of the Union shall be declared in default of its obligations and become subject to the penalties provided in XI.1 below.

2. Notwithstanding the provisions of paragraph IV.1 above, any member country which is a net purchaser of foreign exchange from the Union (arising from other than capital account transactions) to the extent of at least 50% of its quota and has so been on the average of the preceding 12 months shall be entitled to depreciate its exchange to the maximum extent of 5%; provided, however, that the provisions of this paragraph shall not apply to any country which holds independent official reserves of gold and foreign currencies freely convertible into gold in amounts exceeding 50% of its quota. No country shall be entitled to repeat the exchange depreciation provided for in this paragraph without the specific approval of the Union.

In the course of conversation in Washington the Canadian experts expressed the view that it might be desirable to provide for a somewhat greater permissive range of depreciation in exchange rates with somewhat different safeguards than those incorporated in paragraph IV.2. The following is a draft of a paragraph which might be substituted for paragraph IV.2 of the text:

"Notwithstanding the provisions of paragraph IV.1 above, any member country which has had an adverse balance of payments on current account during a two-year period of such magnitude that it has utilized, to cover this deficit, 50% of its independent gold and foreign exchange reserves and is, in addition, a net purchaser of foreign exchange from the Union to the extent of 50% of its quota shall be entitled to depreciate its exchange rate to the maximum extent of 10%. The provisions of this paragraph shall only be applicable once in respect of each member country unless the specific approval of the Union has been obtained. Any member country intending to depreciate its exchange rate under the provisions of this paragraph shall inform the management of the Union in advance and shall afford it an opportunity to make such observations as it deems appropriate before taking such action."

3. No change in the value of currencies of member countries shall be permitted to alter the value of the assets of the Union in terms of gold or the Unit. Thus, if the Union approves a reduction in the value of the currency of a member country,

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Investment Trusts

Falling squarely in the category of "things investors like to hear" is the following excerpt from Manhattan Bond Fund's latest monthly report to shareholders.

"During June the Pere Marquette Railway Company asked for tenders on its first mortgage 5s due 1956. The entire block of these bonds owned by Manhattan Bond Fund, Inc. was tendered and accepted by the road at 91¾, the transaction resulting in a profit to the Fund. The price range of bonds so accepted was from 88 to 92. A substantial portion of the funds realized from the tender were reinvested in Pere Marquette 4½s due 1980, which are secured by the same mortgage and return a higher current yield."

Since early June 1940, Manhattan Bond Fund has experienced a price advance of 44.7%. This compares with gains of 24.4% for the Dow-Jones Industrial Stock Average and 25.3 for Standard & Poor's Medium and Lower-Grade Bond Average. Fundamental Investors in the same period rose 66.1%, or nearly three times as much as the 24.4% gain scored by the Dow-Jones Industrial Average.

"Oil—A Study of a Growing Giant" is the title of a handsome new four-page, two-color folder on the Oil Series of New York Stocks, Inc. From a general discussion of the prospects for the industry, the folder leads into a summary of the advantages of the group method of investing in individual oil stocks.

* * *

"What are dealers' post-war plans?" asks the current issue of Hugh W. Long & Co.'s **New York Letter.** This sponsor is conducting a nation-wide poll among dealers to get a cross-section of investment thinking on this subject. The results are to be made public through the **Letter.**

* * *

The current issue of National Securities & Research Corp.'s **Investment Timing** service contains an interesting analysis of "Corporate Earnings Trends and Stock Prices." The steady rise in corporate earnings **after taxes** is revealed in the following table:

Corporate Earnings

Year—	Before Taxes	After Taxes
1939	$5,320,000,000	$4,088,000,000
1940	7,390,000,000	4,847,000,000
1941	13,938,000,000	6,857,000,000
1942	18,784,000,000	6,884,000,000
1st Quar.—		
1942	4,223,000,000	1,549,000,000
1943	5,015,000,000	1,821,000,000

Another feature of the service is its weekly forecast of the intermediate trend of stock prices. Here is last week's forecast:

"The Industrial Average has been marking time for a week. But it has been marking time at a high. The action of the market gives no great assurance that the next move will not be another advance, but the probabilities seem against it. We must, therefore, assume that lower prices will be seen before the major upward movement is resumed."

A "vacation cash bonus contest" has been announced by National Securities & Research Corp. to run from July 12 to August 31. A cash bonus of ½ of 1% of total sales made at regular offering price will be paid to all salesmen who qualify.: To qualify, a salesman must sell $2,000 or more during the period of the contest. Sales of any of the seven funds sponsored by National will count.

* * *

On June 30, 1943 the assets of Dividend Shares had a market value in excess of $46,000,000. These funds are diversified among the securities of 99 corporations, with largest investments in the petroleum, non-ferrous metal, steel and chemical groups. Since incorporation in 1932, Dividend Shares has paid out over $21,000,000 in dividends.

* * *

Several months ago MIT's **Brevits** published a chart showing the length of past bull markets in relation to the present one. The shortest of the six previous bull markets since 1900 lasted 23 months as compared with a dura-

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or if a country depreciates its exchange under the provisions of the preceding paragraph, or if a significant depreciation in the value of the currency of a member, as determined by quotations on the exchange markets of other member countries, has in fact occurred, that country must on request deliver to the Union an amount of its local currency equal to the decrease in the value of that currency held by the Union. Likewise, if the currency of a particular country should appreciate, the Union must return to that country an amount in the currency of that country or in gold equal to the resulting increase in the value of the Union's holdings.

V. Operations of the Union—Provisions of Special Applicability to Deficit Countries

1. The Union shall have the power to sell to the Treasury of any member country (or exchange fund or central bank acting as its agent for the purpose) at the rate of exchange established by the Union, currency of any country which the Union holds, subject to the following provisions:

(a) Without special permission, no country shall be a net purchaser of foreign exchange from the Union except for the purpose of meeting an adverse balance of payments on current account and the Union may at any time limit the amounts of foreign exchange to be sold to any member country which is permitting significant exports of capital while having an adverse balance of payments on current account.

Detailed provisions regarding (a)—Restriction of Right of Deficit Countries to Purchase Foreign Exchange to Amounts Required to Meet an Adverse Balance of Payments on Current Account.

(i) A country shall be regarded as a net purchaser of foreign exchange if as a result of the Union's purchases and sales of currencies the Union's holdings of its currency rise above the amount originally provided to the Union by way of capital subscription

(ii) The Union may require any member country to furnish at periodic intervals statistics of its balance of international payments on current account and on capital account and statistics of gold and foreign exchange holdings, public and private. Each such member country shall agree to furnish officers of the Union with detailed explanations of the basis on which such statistics are computed. If at any time the Governing Board has reason to believe that an outflow of capital from any member country is resulting directly or indirectly in net purchases of foreign exchange by that country from the Union, it shall have the right to require a control of outward capital movements as a condition of making additional sales of foreign exchange to such country. Without limiting the generality of the foregoing, the Union shall normally require any member country which has been a net purchaser of foreign exchange to the extent of 25% of its quota to impose restrictions on outward capital movements, if none exist.

(iii) In considering applications from countries which have been net purchasers of foreign exchange from the Union for the special permission referred to in paragraph V.1 (a) to purchase foreign exchange for purposes other than the meeting of an adverse balance of payments on current account, the Governing Board shall give careful attention to applications for foreign exchange to facilitate the adjustment of foreign debts where this is deemed to be desirable from the point of view of the general economic situation and shall also give special attention to applications for foreign exchange by member countries not in default on their foreign obligations for the purpose of maintaining contractual principal payments on foreign debt.

(b) In order to promote the most effective utilization of existing stocks of gold and foreign exchange, no member country shall have the right to be a net purchaser of foreign exchange from the Union so long as that country's holdings of gold and foreign currencies freely convertible into gold (including private as well as official holdings) exceed its quota.

Detailed provision regarding (b)—Restriction of Right of Countries holding large Independent Gold and Foreign Exchange Reserves to Purchase Foreign Exchange from the Union.

In interpreting this provision, the Governing Board shall give special consideration to the position of certain Asiatic countries where gold has long been used as private treasure.

(c) In general, the Union shall have the power to sell foreign exchange for domestic currency to member countries up to 200% of the quota of each such member country. Net sales of foreign exchange shall not exceed 50% of the quota of each member country during the first year and the cumulative net sales shall not exceed 100%, 150% or 200% during the first two, three and four years of the operation of the Union.

Detailed provisions regarding (c)—Restriction of Sales of Foreign Exchange to Specified Limits.

On special vote of the Governing Board, in which voting strength shall be weighted to allow for the Union's net purchases and sales of each member country's currency in accordance with the provisions described in paragraph IX.3 below, the Union may purchase any currency in excess of these limits provided that (a) the country whose currency is being acquired by the Union agrees to adopt and carry out measures recommended by the Union to correct the disequilibrium in its balance of payments, or (b) it is the view of the Governing Board that the country's prospective balance of payments is such as to warrant the expectation that the excess currency holdings of the Union can be disposed of in a reasonable time.

(d) In order to promote the most effective utilization of existing stocks of gold and foreign exchange the Union may, as a condition of making further sales of foreign exchange to any member country which would bring its net purchases to an amount in excess of 50% of its quota, require such country to sell the Union, for domestic currency, appropriate amounts of any reserves it (or its residents) may hold of gold or foreign exchange acceptable to the Union.

(e) Notwithstanding the provisions of paragraph (c) above, whenever a member country is exhausting its quota more rapidly than is warranted in the judgment of the Governing Board, the Board may make such recommendations to that country as it thinks appropriate with a view to correcting the equilibrium, and may place such conditions upon additional sales of foreign exchange to that country as it deems to be in the general interest of the Union.

2. A charge of 1% per annum payable in gold shall be levied against member countries on the amount of their currency held by the Union in excess of the quotas of such countries.

VI. Operations of the Union—Provisions of Special Applicability to Surplus Countries

1. In order to promote the most effective utilization of the available and accumulating supply of gold and foreign exchange resources of member countries, each member country shall, on request of the Union, sell to the Union, for its local currency or for foreign currencies which it needs, all gold and foreign exchange it acquires in excess of the amounts held immediately after joining the Union.

Detailed provision regarding 1—Accumulating Supplies of Gold and Foreign Exchange.

For the purpose of this provision, only free foreign exchange and gold are considered. Each member country shall agree to furnish the Union with periodic reports of gold and foreign exchange holdings, public and private.

2. When the Union's operations have resulted in excess sale of the currency of any member country to the extent of 75% of the quota of that country the Union may, in order to increase its resources of the currency in question, attempt to arrange, in cooperation with such agencies as may be established to promote international investment, with the member country a program of foreign capital investment (or repatriation) and may sell foreign exchange to facilitate such capital movements.

3. When the Union's holdings of the currency of a member country are being exhausted more rapidly than is warranted in the judgment of the Governing Board, the Board may make a report on the situation. Without restricting the generality of the foregoing, whenever the Union's operations have resulted in excess sales of the currency of any member country to the extent of 85% of the quota of that country, the Union has the authority and the duty to render to the country a report embodying an analysis of the causes of the depletion of its holdings of the currency and recommendations appropriate to restore the equilibrium of the international balances of the country concerned. Such recommendations may relate to monetary and fiscal policies, exchange rate, commercial policy and international investment.

Detailed provision regarding 3—Report on Countries Whose Currency Is Becoming Scarce.

The Board member of the country in question shall be a member of the Union Committee appointed to draft the report. The report shall be sent to all member countries and, if deemed desirable, made public.

4. The Union shall have the right at any time to enter into arrangements with any member country to borrow additional supplies of its currency on such terms and conditions as may be mutually satisfactory.

5. The Union shall have the right at any time to enter into special arrangements with any member country for the purpose of providing an emergency supply of the currency of any other member country on such terms and conditions as may be mutually satisfactory.

6. Whenever it becomes apparent to the Governing Board that the anticipated demand for any currency may soon exhaust the Union's holdings, the Governing Board shall inform the member countries of the probable supply of this currency and of a proposed method for its equitable distribution together with suggestions for helping to equate the anticipated demand and supply.

Detailed provisions regarding 6— Rationing of Scarce Currencies.

(a) The provisions of paragraph VI.6 shall come into force only after the Union has exercised in full its right under paragraph II.2 to borrow additional supplies of the currency of the member country and after the Union has taken such further steps to increase its supply of this currency as it has deemed appropriate and found possible.

(b) The provisions of paragraph V.1 (c) shall, if necessary, be restricted by the duty of the Union to assure an appropriate distribution among various members of any currency the Union's supply of which is being exhausted.

(c) In rationing its sales of any scarce currency the Union shall be guided by the pdinciple of satisfying the most urgent needs from the point of view of the general international economic situation. It shall also consider the special needs and resources of the various countries making the request for the scarce currency.

(d) Member countries shall agree that restrictions imposed by other member countries on the importations of goods from a country whose currency is being rationed by the Union shall, for the duration of such rationing, not be regarded as constituting an infraction of the most favored nation obligations of commercial treaties except in the case of countries holding official reserves of gold and the currencies of member countries in amounts exceeding 50% of their quotas.*

7. Whenever the Governing Board has, under the provisions of the preceding paragraph, taken steps to ration the Union's supply of the currency of any member country, it may require the remaining member countries to prevent the sale by their residents of each other's currencies, including bills of exchange, in the country whose currency is being rationed and to prevent the purchase by their residents of the rationed currency through the exchange markets of non-member countries. In addition, whenever the Board has taken steps to ration the Union's supply of the currency of any member country, it shall have the duty to re-examing the prevailing exchange rates and to recommend such changes as it may regard as appropriate to changed circumstances.

VII. Powers of the Union—General.

1. The Union shall have the powers to take such actions as are required to carry out the operations enumerated in the preceding paragraphs. For greater clarity, the Union shall have the power to buy, sell and hold gold, currencies and government securities of member countries; to accept deposits and to earmark gold, to issue its own obligations and to discount or offer them for sale in member countries; and to act as a clearing house for the settling of international movements of funds and gold.

Detailed provision regarding 1—Generai Powers of the Union.

Member countries agree that all of the Union's local currency holdings shall be free from any restrictions as to their use for payments within the country concerned.

2. When the Union's holdings of the local currency of a member country exceed the quota of that country the Union shall have the power to resell to the member country, upon its request the Union's excess holdings of its currency for gold or acceptable foreign exchange.

3. The Union shall have the power to invest any of its currency holdings in government securities of the country of that currency, provided that the Board representative of the country concerned approves.

4. The Union shall have the power to buy and sell currencies of non-member countries, but shall not normally hold the currencies of non-member countries beyond 60 days after the date of purchase.

5. The Union shall have the power to levy upon member countries a pro rata share of the expenses of operating the Union, such levy to be made, however, only to the extent that the earnings of the Union are inadequate to meet its current expenses.

6. The Union shall make a service charge of one-quarter per cent on all gold transactions.

7. In conducting its own operations the Union shall have the power to deal only with or through (a) the Treasuries, exchange funds or fiscal agents of governments, (b) central banks with the consent of the member of the Board representing the country in question, and (c) any international banks owned predominantly by member countries. The Union may, nevertheless, with the approval of the member of the Board representing the country concerned, sell its own securities directly to the public or to institutions of member countries.

8. The Union shall have the power and the duty to co-operate with such other institutions of an international character as may exist or be established to deal with matters of international concern, including but not restricted to international investment and commercial policy.

VIII. Abnormal Wartime Balances

During the first two years of operation the Union shall have the right to purchase abnormal wartime balances held by member countries in other member countries for the national currency of the country selling such balances or for foreign exchange needed to meet current account deficits in such country's balance of international payments, in amounts not exceeding in the aggregate 5% of the quotas of all member countries. At the end of two years of operation the Governing Board shall propose a plan for the gradual further liquidation, in whole or in part, through the Union, of abnormal wartime balances lying to the credit of member countries in other member countries and other financial indebtedness of a similar character. If the Governing Board feels unable to recommend that the Union's resources be used for this purpose it shall have the duty to propose some other method by which the problem can be considered.

IX. Voting Power.

1. Each member country shall have 100 votes plus one vote for the equivalent of each 100,000 Units of its quota.

2. All decisions, except where specifically provided otherwise, shall be made by majority of the member votes.

3. Notwithstanding the provisions of paragraph 1 above, in any vote on a proposal to increase the quota of any member country, member countries shall acquire one additional vote for each 100,000 Units of its contribution to the resources of the Fund (by way of original capital subscription or by way of loans made under the provisions of paragraph II.2) which has been utilized, net, on the average of the preceding year by the Union for sale to other member countries; and member countries shall lose one vote for each 100,000 Units of their net utilization of the resources of the Union on the average of the preceding year.

X. Management

1. The administration of the Union shall be vested in a Governing Board. Each government shall appoint a representative and an alternate who shall serve on the Board for a period of three years subject to the pleasure of their government. Representatives and alternates may be reappointed.

2. The Governing Board shall select a Governor of the Union and one or more assistants. The Governor shall become an ex-officio member of the Board and shall be chief of the operating staff of the Board. The Governor and his assistants shall hold office for five years and shall be eligible for reelection and may be re-

(Continued on page 223)

*This proposal will clearly have to be reviewed in the light of such general arrangements as may be made regarding international commercial policy and co-ordinated with those arrangements.

Calendar of New Security Flotations

OFFERINGS

UNITED STATES PLYWOOD CORPORATION

United States Plywood Corporation has filed a registration statement for 15,000 shares of cumulative preferred stock Series A $100 par value, and 50,000 shares common stock, $1 par value. The dividend rate on the preferred is 4¾%.

Address—616 West 46th Street, New York City.

Business—Engaged in the manufacture and sale of Douglas fir plywood, hardwood plywood and molded plywood, under its trade-name "Weldwood," and of fabricated airplane parts and other laminated and related products, and is also engaged in the purchase and sale of hardwood plywood, Douglas fir and other plywood, related sheet and laminated products and glue.

Underwriting—Eastman, Dillon & Co., New York, head the group of underwriters. Others will be named by amendment.

Offering—Price to public will be supplied by amendment.

Proceeds—Of the net proceeds $554,840 will be used to redeem 20,176 shares of preferred stock now outstanding at the redemption price of $27.50 per share. Balance of net proceeds will be used to meet the requirements of the corporation either during the present war emergency or thereafter.

Registration Statement No. 2-5177. Form S-1. (7-1-43).

Offered July 14, 1943, the preferred at 102 and div. and the common at $41.75 per share by Eastman, Dillon & Co. and associates.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, JULY 17

NATIONAL SECURITIES & RESEARCH CORPORATION

National Securities & Research Corporation has filed a registration statement for 40,716 shares in First Mutual Trust Fund.

Address—120 Broadway, New York City.

Business—Investment trust.

Underwriter—National Securities & Research Corporation, sponsor.

Offering—Will be continuous and the offering price will vary with the value of a share, which value in turn will vary with the value of the underlying securities in the trust fund.

Proceeds—For investment.

Registration Statement No. 2-5163. Form C-1. (6-28-43).

NATIONAL SECURITIES & RESEARCH CORPORATION

National Securities & Research Corporation has filed a registration statement for 16,631 shares of National Securities Series.

Address—120 Broadway, New York City.

Business—Investment trust.

Offering—Effective date of registration statement.

Proceeds—For investment.

Registration Statement No. 2-5164. Form C-1. (6-28-43).

RIVERSIDE MILLS

Riverside Mills has registered $639,000 5½% first mortgage bonds, dated Feb. 15, 1943, due Feb. 15, 1963.

Address—Augusta, Ga.

Business—Company devotes its activity almost entirely to cotton textile by-products or waste.

Underwriting—No formal underwriting agreement has been entered into covering the exchange offered.

Offering—Under a plan of reorganization Riverside Mills offers to the holders of its preferred stock in exchange therefor $120 par value in first mortgage 5½% bonds, plus $2.625 in cash for each share of its preferred stock, provided that 75% in amount of the issued and outstanding preferred stock accept the same and tender their stock in exchange on or before Sept. 1, 1943, but time may be extended by the board. The bonds of this issue shall only be exchanged for preferred stock or sold to raise money to purchase and retire preferred stock or to reimburse the company for preferred stock which it may purchase before plan becomes effective, and which it does not retire and shall not be disposed of for any other purpose. Should company acquire an amount of bonds not exceeding $120,000 through the exchange of preferred stock purchased by it, Johnson, Lane, Space & Co., Inc. has agreed to buy any such bonds which Riverside Mills desires to sell at not less than $83.50 per $100 par value and accrued interest.

Purpose—For reorganizaztion.

Registration Statement No. 2-5165. Form S-1. (6-28-43).

SUNDAY, JULY 18

ARDEN FARMS CO.

Arden Farms Co. has filed a registration statement for 26,000 shares of preferred stock, without par value.

Address—1900 West Slauson Avenue, Los Angeles, Cal.

buying and selling of ice cream, the processing of milk, and the general business of buying and selling milk, butter, cottage cheese, eggs and various related products at wholesale and retail in the States of Washington, Oregon and California.

Underwriting—There are no underwriters. Company proposes through certain of its employees and through security dealers to solicit the exercise of option warrants, and the company proposes to pay the expenses of such employees in connection with such solicitation. If all such shares are not sold company will reimburse security dealers for their out-of-pocket expenses. If all such shares are sold the company will instead pay such dealers $1 for each share sold through the exercise of warrants procured by such dealer.

Offering—Company has granted to holders of its preferred stock, rights to subscribe for shares of preferred stock now being registered at the rate of one share for each 2½ shares held. Subscription price will be filed by amendment. After the expiration of the warrants the company proposes to sell such of the shares of preferred as are not subscribed through the exercise of warrants, to the public at such price as may be fixed by the board of directors of the company.

Proceeds—Net proceeds will be applied to the prepayment, so far as they suffice, of the company's notes outstanding in the principal amount of $1,050,000.

Registration Statement No. 2-5166. Form S-1. (6-29-43).

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 100,000 shares of full certificates of participation, Keystone Custodian Fund, Series "B-2".

Address—50 Congress Street, Boston.

Business—Investment trust.

Underwriting — Keystone Custodian Funds, Inc., is named sponsor.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5167. Form C-1. (6-29-43).

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 100,000 shares full certificates of participation, Keystone Custodian Fund, Series "K-2".

Address—50 Congress Street, Boston.

Business—Investment trust.

Underwriting — Keystone Custodian Funds, Inc., sponsor.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5168. Form C-1. (6-29-43).

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 25,000 shares, full certificates of participation, Keystone Custodian Fund, Series "S-1".

Address—50 Congress Street, Boston.

Business—Investment trusst.

Underwriting — Keystone Custodian Funds, Inc., sponsor.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5169. Form C-1. (6-29-43).

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement for 500,000 shares of full certificates of participation, Keystone Custodian Fund, Series "S-2".

Address—50 Congress Street, Boston.

Business—Investment trust.

Underwriting — Keystone Custodian Funds, Inc., sponsor.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5170. Form C-1. (6-29-43).

CONSOLIDATED CIGAR CORPORATION

Consolidated Cigar Corporation has filed a registration statement for $7,000,000 ten year 3¼% sinking fund debentures to be dated July 1, 1943.

Address—444 Madison Avenue, New York City.

Business—Corporation and its subsidiaries are engaged in the business of manufacturing and selling cigars.

Underwriting—Eastman, Dillon & Co., New York is named principal underwriter. Others will be supplied by amendment.

Offering—Price to public will be supplied by amendment.

Proceeds—Net proceeds will be used to the payment of $1,000,000 face amount of notes payable to Bank of The Manhattan Company; $938,130 to redemption on or before Sept. 1, 1943, of outstanding 10-year 4% notes due July 1, 1950; $3,150,000 to redemption on or before Sept. 1, 1943, of 30,000 shares of its outstanding 6½% cumulative prior preferred stock at $105 per share, and $2,303,290 to redemption on or before Sept. 1, 1943, of its 20,939 outstanding shares of 7% cumulative preferred stock at $110 per share. Figures are exclusive of accrued interest and accrued dividends which will be paid out of corporation's general funds.

Registration Statement No. 2-5171. Form S-1. (6-29-43).

CALIFORNIA ELECTRIC POWER CO.

California Electric Power Co. has registered $16,000,000 first mortgage bonds, 3¾% Series due 1968, and 40,000 shares 5¼% convertible prior preferred stock, par value $100 per share.

Address—3771 Eighth Street, Riverside, Cal.

Business—Engaged in the generation, transmission, distribution and sale of electric energy.

Underwriting—Principal underwriter for the bonds is Dillon, Read & Co., New York, and for the preferred stock Stone & Webster and Blodget, Inc., and Bosworth, Chanute, Loughridge & Co., Denver. Other underwriters will be named by amendment.

Offering—Price of both bonds and prior preferred stock will be supplied by amendment.

Proceeds—Proceeds, together with funds received by the company from the sale of certain of its electric properties, will be used to redeeem all of the first trust mortgage gold bonds, 5% series of 1956 to be outstanding after giving effect to the surrender of certain bonds in the face amount of $641,300. Balance of proceeds will be used to pay the balance then due on the 3% installment note held by Bank of America National Trust & Savings Association. Upon the payment of such note, $641,000 face amount of the company's first mortgage trust gold bonds pledged by the company as security for such note will be surrended for cancellation.

Registration Statement No. 2-5172. Form S-1. (6-29-43).

MONDAY, JULY 19

STATE BOND & MORTGAGE CO.

State Bond & Mortgage Co. has filed a registration statement for investment certificates, Series 1203, in the amount of $500,000.

Address—26½ North Minnesota Street, New Ulm, Minn.

Business—Investment company.

Offering—At 100.

Underwriting—No underwriter named.

Proceeds—For investment.

Registration Statement No. 2-5174. Form A-2. (6-30-1943).

(This list is incomplete this week.)

Investment Trusts

(Continued from page 221)

tion thus far of only 14 months for the present bull market. A recent issue of **Brevits** supplements this information with the following highly significant data.

Bull Market—	% Change* from Bear Market Low to Bull Market High
Nov. 9, 1903	+144.4
Jan. 19, 1906	
Nov. 15, 1907	+ [illegible]7
Dec. 19, 1909	
Dec. 24, 1914	+107.2
Nov. 21, 1916	
Dec. 19, 1917	+ 81.4
Nov. 3, 1919	
July 31, 1923	+338.6
Sept. 3, 1929	
July 8, 1932	+371.6
Mar. 10, 1937	
Apr. 28, 1942	+ 54.5
July 1, 1943	

*As measured by the Dow-Jones Industrial Average.

"It will be noted that the smallest previous percentage gain for a bull market occurred during the 1917-19 period when stock prices registered an advance of 81.4%. This compares with a rise of some 55% from the beginning of the present bull market to date."

* * *

Another interesting angle to the comparative position of the present market is pointed out in the latest issue of Selected Investments Co.'s **Selections.** From a comparison showing the gain for Selected American Shares in the first half of 1943 amounting to 28.9% as against 20.1% for the Dow-Jones Industrials, the bulletin goes on to report:

"The rise which took place in stock prices in the first half of 1943 was exceptional in this respect:

"In the 47 years in which the Dow-Jones Industrial Stock Average has been computed, there have been only four other years in which that Average rose as much as 20% in the first six months.

"The other four excellent first half-years were: 1908 (up 23.6%); 1915 (28.3%); 1919 (30.2%); and 1933 (63.7%.) In each of these four preceding years the Average went on up to close higher on December 31 than on June 30. In 1908, the final rise for the year was 46.6%; in 1915. 81.7%; in 1919, 30.5%; in 1933, 66.7%."

Canada Proposes Exchange Union

(Continued from page 222)

moved for cause at any time by the Board.

3. The Governor of the Union shall select the operating staff in accordance with regulations established by the Governing Board. Members of the staff may be made available upon request of member countries or of other institutions of an international character for consultation in connection with economic problems and policies.

4. The Governing Board shall appoint from among its members an Executive Committee to consist of not fewer than 11 members. The Chairman of the Board shall be the Chairman of the Executive Committee and the Governor of the Union shall be ex-officio a member of the Executive Committee. Meetings of the Executive Committee shall be held at least once every two months and more frequently if the Executive Committee shall so decide.

5. The Governing Board shall hold an annual meeting and such other meetings as it may be desirable to convene. On request of member countries casting one-fourth of the votes the Chairman shall call a meeting of the Board for the purpose of considering any matters placed before it.

6. Net profits earned by the Union shall be distributed in the following manner:

(a) 50% to reserves until the reserves are equal to 10% of the aggregate quotas of the Union;

(b) 50% to be divided each year among the members in proportion to their quotas.

XI. Withdrawal and Expulsion from the Union

1. A country failing to meet its obligations to the Union may be suspended provided a majority of the member votes so decides. While under suspension the country shall be denied the privileges of membership but shall be subject to the same obligations as any other member of the Union. At the end of one year the country shall be automatically dropped from membership unless it has been restored to good standing by a majority of the member votes.

2. Any country which has been a net purchaser of foreign exchange from the Union may withdraw from the Union by giving notice and its withdrawal shall take effect one year from the date of such notice. During the interval between notice of withdrawal and the taking effect of the notice such country shall be subject to the same obligations as any other member of the Union.

3. Any country which has not been a net purchaser of foreign exchange from the Union may withdraw from the Union by giving notice and its withdrawal shall take effect 30 days from the date of such notice. During the interval between notice of withdrawal and the taking effect of notice such country shall be subject to the same obligations as any other member of the Union; except, however, that no country which has given notice of withdrawal shall be required to make loans to the Union under the provisions of paragraph II.2 above.

4. A country which is dropped or which withdraws from membership shall have returned to it an amount in its own currency equal to its contributed quota plus other obligations of the Union to the country and minus any sums owed by that country to the Union. The Union shall have 5 years in which to liquidate its obligation to such country.

XII. Policies of Member Countries

In addition to the obligations assumed under the preceding paragraphs, each member country shall undertake the following:

1. To maintain by appropriate action the exchange rates initially agreed with the Union on the currencies of other countries and not to alter exchange rates except under the provisions of paragraph IV.2 above, or with the consent of the Union and only to the extent and in the direction approved by the Union. Exchange rates of member countries may be permitted to fluctuate within a range not exceeding the spread fixed by the Union itself for its own purchases and sales of foreign exchange.

2. To abandon, as soon as the member country decides that conditions permit, all restrictions on foreign exchange transactions other than those required effectively to control capital movements with other member countries; and not to impose any additional restrictions, except for the purpose of controlling capital movements, without the approval of the Union.

Detailed provision regarding 2—Abandonment of Exchange Control Other Than on Capital Movements:

The Union may make representations to member countries that conditions are favorable for the abandonment or relaxation of foreign exchange restrictions other than those required effectively to control capital movements and each member country shall agree to give consideration to such representations.

3. To cooperate effectively with other member countries when such countries, with the approval of the Union, adopt or continue controls for the purpose of regulating international movements of capital.

Detailed provisions regarding 3—Cooperation in Enforcing Approved Exchange Controls on Capital Movements:

Cooperation shall include, upon recommendation by the Union, measures that can appropriately be taken:

(a) Not to accept or permit acquisitions of deposits, securities or investments by residents of any member country imposing restrictions on the export of capital except with the permission of the government of that country and the Union;

(b) To make available to the Union or to the government of any member country full information on all property in the form of deposits, securities and investments of the residents of that country; and

(c) Such other measures as the Union may recommend.

4. Not to enter into any new bilateral foreign exchange clear-arrangements nor engage in multiple currency practices except with the approval of the Union.

5. To give careful consideration to the views of the Union on existing or proposed monetary or economic policy the effect of which would be to cause a serious disequilibrium in the balance of payments of the country adopting such policy or of other countries.

6. To furnish the Union with all information it needs for its operations and to furnish such reports as it may require in the forms and at the times requested by the Union.

7. To adopt appropriate legislation or decrees to carry out its undertakings to the Union and to facilitate the activities of the Union.

Judge & Co. Formed

The firm of Smith & Judge, 2 Rector Street, New York City, has been dissolved and has been succeeded by Judge & Co. Partners in the new firm are Vincent A. Judge and Vincent W. Judge. The address and phone number will remain the same.

"The Spirit Of Enterprise"

(Continued from first page)

to live with our new and unmanageable riches, Mr. Queeny maintains that "we are rich in material things only by comparison with other nations and with the past."

The day may come, he predicts in the final chapter of "The Spirit of Enterprise," when workers will travel a hundred miles from country homes to offices and factories by helicopter bus with no greater expenditure of time and money than is required for a bus-ride through five miles of city traffic today.

"Business foresees," he says, "that the postwar horseless carriages, with light, tough, plastic bodies, powered by small engines using ultra high octane motor fuels, will continue the ceaseless progress of the automobile industry.

"Business believes that pre-fabricated houses of the future will be warmed by sunlike, healthful, penetrating radiant heat from tiny wires buried within walls. They will be air-conditioned for summer comfort, illuminated by cool, germicidal light, and equipped with built-in, low-temperature refrigeration to keep food fresh for months, even years. Housewives will buy fruits and vegetables in bulk when they are abundant and cheap. And we know that research is on the way to create new fruits and vegetables—larger without seeds—and that greatly increased yields should cheapen them. Our radios will be static-free and television in full color will be universal."

Among other possibilities he foresees are clothes of extruded fabric and molded stockings which will be waterproof, stainproof, flameproof and as easily cleaned as a pair of rubber boots. Revolutionary new tools of science, he says such as the cyclotron, which accomplishes the alchemist's dream of turning one element into another, and the electron microscope, which enables us for the first time to see a chemical reaction actually taking place, may unlock great new sources of power so that planes and helicopters powered with atomic fuel could stay aloft for months exploring our polar wastes.

Advances of equal significance in the field of medicine, he observes, make it reasonable to suppose that the man of the future will live vigorously for a century and that he will live without illness. We may even conceivably discover what glandular defects make criminals. Being healthier, less irritable, more secure, we shall certainly live together more happily, with less friction and with far greater regard for the rights and feelings of our neighbors.

"But these and many hundred other visions," he points out, "are but promises of great adventure which lure modern pioneers—our scientists and businessmen—just as the unexplored west, the dream of the juncture of the Missouri and Columbia Rivers lured Lewis and Clark into their historic voyage. That we have reached maturity is a conclusion of pessimism. In the preservation of health and the conquest of happiness, the fight has just gotten under way."

Much of "The Spirit of Enterprise" is taken up with an evaluation of the progress already achieved by our uniquely individualist American economy and a resume of the results of our recent experiments in a planned or collectivist economy. One conclusion reached is that business, operating under a truly free enterprise system, has the same ultimate goal as the collectivist planners inspired by Thorstein Veblen and the latter day prophets of the New Deal—production for use.

"Who runs American enterprise?" Mr. Queeny asks. "The ultimate consumers! You and I and 130 million other Americans. We spend our money where we think we get the best value or service. All American enterprise is competing for our favor. It is the people who run private enterprise."

It is Mr. Queeny's conclusion that the people, expressing their desires in the market place, are much more likely to stimulate further progress toward the material and spiritual gains he deems possible than any state-planned, state-controlled production system. This is not due to any fundamental flaw in the characters of New Dealers or politicians of any party, he maintains. Inevitably, under any type of bureaucracy, public officials "can't lose by delay and inaction. They operate monopolies; they are not in competition."

"Suppose planning had been in effect twenty years ago," he offers as an example. "Suppose Henry Ford had been commissar of automobiles. It would have been a popular appointment. Ford had led the industry in cutting prices—in mass production. He led in high wages. He was a pioneer, proven, honest and fearless. But with his power to veto any suggestion with which he did not agree, is there not a chance we might still be riding around in something resembling Model T's? Ford believed in them so thoroughly that he refused to change his production until it was almost too late. Indeed the Ford company never recaptured the lead it once held. Had Ford been commissar, might not his decision have been to concentrate and standardize on Model T's—a ruling which would have been made in all sincerity?"

While Mr. Queeny votes unhesitatingly for free enterprise as opposed to a state planned and directed economy, and while he marshalls an imposing array of historical and contemporary data to support his choice, he does not, by any means, find business faultless.

"Businessmen," he says, "should be willing to accept more of the classic conception of the free enterprise system. Business should recognize the justice of much well-deserved, although misdirected, criticism by New Dealers. Businessmen should correct the causes of the antipathy to their ways that has arisen in such profound and superb intellects as that of the Archbishop of Canterbury. They should be willing to have all conditions necessary to a free market restored, and to provide the people with the full advantage of competition. They should accept remedies that go all the way in destroying all obstacles to free competition and open markets."

Among the specific suggestions Mr. Queeny offers for the immediate future are a national incorporation law which would, among other provisions, strengthen existing anti-trust laws by prohibiting interlocking directorates, mergers between competitors and the ownership of stock by one business in another. Business, he suggests, must also give up "the special privileges it now enjoys in the way of excessive tariffs against nations with an equivalent standard of living and be reconciled to a reduction of those against low standard nations as fast as it can be accomplished without disrupting our economy."

To be effective, however, he points out that these progressive moves by business must be matched by an equally enlightened attitude on the part of government. By applying Hatch Act principles to pressure groups, he suggests that Congress might destroy the disproportionately swollen power of vociferous minorities. By substituting regulatory laws for government of business by capricious and unpredictable boards and commissions, Congress could free business from crippling uncertainty at the same time it continued to protect the people from business excesses.

As another necessary measure, he suggests that taxes should be reconsidered on the basis of what kind and what rates will produce over the long pull the greatest potential revenue needed for normal operating expenses of government and liquidation of the national debt, thus forestalling the inflationary threat of continued deficit financing and freeing capital markets for the tremendous job of reconstruction and new industrial expansion which lies ahead.

In the international sphere, Mr. Queeny rejects any supra-national, world state as dangerously impractical in favor of a peace supported, through a series of regional Monroe doctrines, by the three great powers likely to emerge from this war, Russia, Great Britain and the United States. But out of this peace he hopes will emerge a world council of nations which will, among other achievements, guarantee uniform property rights and apply the principles of our Sherman and Clayton anti-trust acts on an international scale to abolish cartels and open up world markets to vigorous, healthy, free competition.

Finally, far from advocating any sacrifice of the social gains of the past decade, Mr. Queeny says that "in a resurrection of a climate wherein private enterprise may again thrive, we need not abandon any of the publicly-expressed social aims of the New Deal. Because the public saw the New Deal as an idealistic movement aimed at bettering working conditions and alleviating distress, the era will leave an enduring appreciation of its moral and spiritual pronouncements."

But, he warns, it is not necessary to socialize our economy through central economic planning in order to provide adequately for the so-called lower third. On the contrary, by encouraging free enterprise, we encourage the technological progress which brought us to our present peak and which promises even greater gains for the future. By absorbing a part, or even all, of the savings of technological progress through a progressively - increasing manufacturer's excise tax, we could finance a much more ambitious and extensive social program than any redistribution of our present wealth, and we could do this without raising average prices to the public or reducing incentives to capital, labor or management.

"Thus, over a period of years," Mr. Queeny concludes, "dreams of adequate standards of diet, health and housing, and social security for all, could emerge a reality."

To this conclusion he adds a final chapter visualizing the progress which science and business together might achieve in the predictable future toward a more abundant world for all than any of the philosophers, pessimists or optimists, ever dreamed possible.

"To realize the four freedoms," he says, "we need only one freedom—Freedom!"

INDEX

Sees Excellent Prospects For Associated Electric

Associated Electric Company 4½s and 5s offer very interesting possibilities according to a circular prepared by Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo. Copies of this circular discussing the attractions of these issues may be had from the firm upon request.

Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 158 Number 4194 New York, N. Y., Thursday, July 15, 1943 Price 60 Cents a Copy

The Financial Situation

Congress has laid aside its labors for an interval, and its members have returned to their homes for long-deferred consultations with their constituents. Upon what they find to be the views and feelings of voters back home will depend in large measure what Congress does when it reconvenes. This is the way our legislative system has operated for many years past, and probably will continue to operate so long as it exists. It would, therefore, be futile to complain of it. The system tends toward the development of a sort of heterogeneous provincialism in Congress, with few members ever attaining a national view of matters of vital national interest, which is unfortunate, but the remedy, so long as our existing system of representation is retained, is to be found among the people themselves rather than among those representing them.

What Is Needed

What is needed, and what was never more essential than at the present moment, is that the great rank and file of the American people think more in national terms about the problems of the day, and apply the same common sense to them that they apply day by day to their personal affairs. So long as the political trickster, whether he be a candidate for membership in Congress or for the Presidency of the United States, finds it possible to gain a large following by clamor for hare-brained programs supported by ad hominem argument, just so long will such candidates for public place be active and vocal—and successful. And, it may be added, highly destructive of the interests they profess to serve. Indeed, with the advances that have come within recent years in communication facilities, the dangers from such demagoguery has immensely increased.

Many Complaints

The Congressman, when he has had time to get in touch with his constituents this year, will find them all with complaints, many of them with bitter complaints. He should likewise find them demanding light and leadership as well. Legislators from agricultural districts will hear many complaints of many things. Short-sighted draft pol-

(Continued on page 226)

From Washington Ahead Of The News

By CARLISLE BARGERON

The bitterness of Washington, and there is plenty of it, has spread over the past few weeks, to confines outside of the Bureaucrats. Heretofore, the correspondents have made high revelry over the bickerings and feuds of these fellows. They have treated with them indignantly, laughingly, mostly indignantly, as men whose vanities were knifing the boys at the front.

Now they are seething about a clique of their colleagues, a clique that seems to have become just as harmful as any of the contentious Bureaucrats could possibly be. It wouldn't be surprising if this feeling on their part came into the open presently and a good thing for the country it would be. If the Washington correspondents ever get to fighting among themselves and forget their gentlemanly rule of feathering each other's nest, it would provide enlightenment for the country, to say the least.

The question that is giving heat to the fellows, to the extent that long acquaintances are cold-shouldering one another, is that of General De Gaulle and his so-called Free French. What is burning up the rank and file correspondents is that a clique, headed by Walter Lippman, has turned from its pursuit of objective journalism to press agentry and press agentry of the most dangerous kind, at this time. These men who were in the forefront of the interventionist movement before Pearl Harbor, are now taking advantage of their influence, and intentionally or otherwise are stirring up a serious racial controversy, one in which it is difficult to discuss frankly all the various aspects, while American boys are being killed and maimed.

The real truth of the so-called De Gaullist-Giraud controversy will develop to be, probably after the war, one of the rottenest chapters of the Second World War. It will be so rotten because some American journalists turned from the proposition of winning the war, when it was at its height, to the insistence that the war would not be won unless De Gaulle was accepted as the overall big shot of France, poor old mistreated France. Furthermore, some of these journalists are doing this on

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"Big Boys" Of Business Not "Cashing In" Thomas W. Lamont Tell Poet Benet

Says Industries, On Contrary, Are More Likely To Be Dangerously Depleting Reserves Under Tax Legislation—Benet Defends Stand

The views of Thomas W. Lamont on "Big Boys" of Business have been accorded a prominent place in the "Saturday Review of Literature," published July 10, his defense of "Capital" so called, having been prompted by certain observations on economics and business by William Rose Benet, winner of the Pulitzer poetry prize in 1941. The particular comments of Mr. Benet to which Mr. Lamont takes exception appeared in Mr. Benet's column, "The Phoenix Nest," in the May 22 issue of the "Review." Writing in a spirit of cordial intimacy with the poet, Mr. Lamont, who is Chairman of the Board of J. P. Morgan & Co., Inc., questions Mr. Benet as to the import of his remark as to "the self-righteousness of Capital toward the recent high-handed conduct of John L. Lewis," and, says Mr. Lamont, "I cannot help wondering what your definition of 'capital' is that has shown such 'self-righteousness.' Is it the recent 'high-handed conduct' of both houses of Congress? Or is it the conduct generally of our millions of citizens who own the greatest single capital item in our country, namely our farms, and of the other millions who own the shares of our great industrial and transportation corporations?"

Thomas W. Lamont

Mr. Lamont also takes cognizance of the statement by Mr. Benet that people "have a strong suspicion that capital is cashing in on the war." "Careful analysis," says Mr. Lamont, "fails entirely to bear out the 'cashing-in' idea." Calling attention to a recent compilation analyzing reports of a group of 40 large manufacturers of war materials, Mr. Lamont states that "these figures show that while the sales of these concerns have grown enormously, their payrolls and taxes have immensely increased, whereas their net income and the dividends they have paid to stockholders have declined."

"The Big Boys, as you call them," Mr. Lamont advises Mr. Benet, "have not been 'cashing in' on the war, as you seem to think. I do not believe you need to be concerned about the Big Boys in industry," says Mr. Lamont, who goes on to say: "On the contrary, I assure you . . . . that what we have to be concerned about is this: namely, that many of our industrial concerns, under present tax legislation, far from cashing in on the war, are more likely to be dangerously depleting the corporate reserves they will surely need to meet the task of reconversion of their plants from war uses and machines to peacetime production when the war ends."

Mr. Lamont's letter to Mr. Benet—a lengthy one—also touches upon the independence of the press, "collectivism," etc. In giving in full the letter of Mr. Lamont to Mr. Benet, we also give in part the remarks of the latter in his "Phoenix Nest" column in the May 22 issue of the "Review" which occasioned Mr. Lamont's rejoinder; at the same time we are annexing the response to Mr. Lamont's letter by Mr. Benet, written by him for the "Saturday Review" of July 17, and released on July 9 for immediate publication by the editors of the magazine.

The following is Mr. Lamont's letter to Mr. Benet in the July 10 issue of the "Review."

Mr. Lamont's Letter to Mr. Benet

Dear Bill:

I have been your constant reader and claimed your friendship

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GENERAL CONTENTS

Editorial

Babies, Soil, Work And Bombers

Roger W. Babson Gives Some Advice

This week I will write about my own line of business, namely, **statistics.** There are four things that this country should learn from statistics. I hope parents will cut this column out and save it for their children to read.

We Need More Good Babies

It is true that the birth rate has jumped up since the draft went into effect, but all these babies are not the kind the country needs. In many instances they have been sired by timid fathers who are hoping a baby will get them exemption! The truth is that the U. S. birth rate has been going down for years. Even more serious is the fact that the decline is greatest among those more fit to raise good children. This tendency must be stopped or America will some day be conquered by some other race.

Roger W. Babson

Higher education is raising havoc with our birth rate. Take two sisters for instance; one sister goes to college and usually either has no children or perhaps one; while the other, who does not go to college, raises a good family of three of four. Women have not been allowed to fight in the battle lines, during the past centuries, because they are far more valuable in raising fighters. This is a hint to the WAACS, WAVES and SPARS!

We Need More Good Soil

The real difficulty with our food situation is the impoverishment of our soils. For years, the cutting down of forests has caused a soil erosion which is a basic cause of the farmers' troubles. Then our big cities began to grow and they added to the difficulty. The beef and crops which contained the necessary minerals were shipped off the farm to the cities. Following their consumption these necessary minerals went down the sewers of these cities into the ocean. Farms have also suffered from automobiles since farmers began to buy gasoline. Thus there is no refuse from the horses and the necessary cover crops of hay and oats were lost, all of which had heretofore built up the soil.

Now the country has gone crazy over synthetics and is bragging about the manufacture of synthetic rubber, synthetic plastics and synthetic textiles, all of which will rob the soil still further. The farmers are fighting to have the

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The Financial Situation

(Continued from first page)

icies and sky-rocketing wages in industrial centers have made it impossible for most farmers to obtain the help they need to cultivate and harvest the large crops that they are being urged to raise. Thanks to an equally unwise earlier policy of allocating materials, many if not most farm implements are not to be had. Even parts are not always available. Prices which the farmers believe are too low—although they have certainly been doing well of late—are holding products on the farms which are badly needed by consumers. Irrational price ratios developing out of faulty control programs are promoting the feeding of hogs, with the result that many other farmers who normally buy much of their feed are in dire straits in trying to keep their normal herds and flocks producing. Long-sustained labor favoritism is being reflected in the prices the farmers must pay for goods they must buy. Of these and other troubles the representatives of agricultural constituencies will hear a great deal during the coming weeks.

Cost of Living

Representatives from districts largely composed of wage earners and lower-salaried clerical employees will soon hear a good deal about the cost of living. They will be told with a substantial element of truth that current cost of living indexes fail to reflect what has actually taken place in the retail price situation. They will know, of course, that many of those making such complaints have little ground for their pleas, since for the most part earnings have risen even faster than the cost of living, but they will soon learn that this is not true of a substantial element in the population. They will hear many complaints of violations of price regulations, of "black markets" and many kindred developments. And they will doubtless hear also about the recently developed "hostility" toward labor shown by Congress.

Business, Small and Large

To be sure, all members of Congress will be told by small business men, for small business men are everywhere, that the multiplicity and confusion of rules and regulations, the uncertainty of supplies often resulting from red tape and official bungling, and the impossibility of obtaining adequate manpower are driving them from business. They doubtless will hear, if they are really upon the alert, that many of these endless regulations are being ignored, for the simple reason that no one understands what they mean, or has time to keep track of the endless stream of them. Others are not heeded because it is impossible to do so and stay in business. Those legislators who give serious heed to the needs and the difficulties of larger business organizations will be disturbed by reports from these enterprises which in many instances will not greatly differ from those of the smaller concerns.

The Consumers' Hardships

All voters are, of course, consumers, and from them the Congressman will hear constantly and emphatically. He will be asked why it is, that with the ranges over-stocked with cattle, the average citizen must beg for a piece of beef, and then often not get it, or if he gets it, finds that it is all but inedible. Many a member of Congress will doubtless be called upon to explain why items which are not supposed to be in particularly short supply are not to be had in many communities at all, or if at all, in very limited quantities and at wholly erratic and unpredictable intervals. If he happens to be from the Eastern seaboard he will be asked many embarrassing questions about gasoline and oil, about the crazy-quilt pattern of attempts to regulate their distribution, and all the rest.

Seek Out the Causes!

All this and more of the same sort are inevitable in the circumstances. It is wholesome. It should prove helpful. But it should not stop with mere complaints, and it certainly should not be susceptible to dismissal with promises of special treatment for this, that or the other plaintiff, or with scatter-brained suggestions as to national policy. The voter, whether he be a cotton farmer from South Carolina or a mechanic in Detroit—or a plain housewife from a New England town—should make it his or her duty, as it is his or her obligation to himself or herself, to inquire thoughtfully into the causes of these difficulties and the possible lines of constructive remedy. And they should insist that their representatives in Washington meet them on that ground. They have a right to expect that any man or woman who has been representing them in Washington should have made good use of his or her opportunity to see the national picture as a whole, and to arrive at sane conclusions as to what is and what is not feasible as a cure for a most distressing situation.

One of the first questions to which they should insist upon having an answer is in what degree the inconveniences and the difficulties to which they are being subjected are really an unavoidable part of a state of total war. It has become a habit with all too many authorities to reply to all criticisms with the smug assertion that we are at war, etc., without ever once undertaking to demonstrate that the matter about which complaint is made is an unavoidable cost item in the prosecution of the war. Too often effort is made to avoid the consequences of public dissatisfaction with the typical politician's assertion that "very few Americans place appetite above patriotism", or the like. The time has come for the American people to brush aside such trash and get down to brass tacks in this business of determining whether, and in what ways, the war effort is imposing quite unnecessary hardships upon the civilian population.

Insist Congress Help

No one doubts for a moment, of course, that inconviences, and quite possibly hardships, are inevitable in wartime. No public-spirited man or woman is likely to rebel at such sacrifices as are really necessary. That, however, is quite a different matter from being willing to endure the consequences of official blundering, and insistent refusal on the part of officials or legislators to do what may be to reduce that blundering to a minimum. There are many things Congress could do to help when it gets back to Washington, but it is not likely to do many of them unless the public effectively demands it.

Banker to Poet

"No, Bill, I do not believe you need be concerned about the Big Boys in industry. On the contrary, I assure you from personal knowledge that what we have to be concerned about is that many of our industrial concerns, under present tax legislation, far from cashing in on the war, are more likely to be dangerously depleting the corporate reserves they will surely need to meet the task of reconversion of their plants from war uses and machines to peacetime production when the war ends. Of course, we may squeeze the corporations until the pips squeak, but let us leave them enough to prepare for this vital task of reconversion. . . .

"One other thing I have overlooked. That is, when you said: 'We have seen unfettered initiative and free enterprise run a country right into the hole.' In other words it was primarily the initiators and free enterprisers, was it, who brought on the great business depression that began late in 1929? Is that what you mean, Bill? Is that really possible? . . .

"Forget about the machinations of these 'free-enterprisers' of yours that you think have done so badly by us. Forget about your Big Boys and all the category of personal devils. Just sit down with me late some afternoon over a cool drink at the Century Coffee House, or where you will and fix up with me a simple little international plan that will prevent wars. Then we shall be able to avoid post-war panics and depressions and you will finally get a real idea of the system that is variously called the profit system, or the capital system, or the enterprise system, or the savings and thrift system.

"Let us be careful, you and I, in our urge to better humanity, not to kill off the precious thing that in your piece you yourself call 'the independence of Americans.'"—Thomas W. Lamont to William Rose Benet, poet and editor.

(The banker may not be able to write poetry, but the poet, and a good many others, would profit by careful study of what he does write.)

The State Of Trade

A number of the heavy industries showed declines for the week. Steel and electric power production were lower, while coal production and carloadings were higher for the week. The retail trade showed outstanding gains, with department store sales up 39% compared with the same week a year ago.

Loading of revenue freight for the week ended July 3rd totaled 852,106 cars, according to reports from the Association of American Railroads. This was an increase of 91,262 cars from the preceding week, 98,366 cars more than the corresponding week in 1942 and 11,747 cars above the same period two years ago. This total was 104.73% of average loadings for the corresponding week of the 10 preceding years.

Electric power output, as reported by the Edison Electric Institute for the week ended July 3, dropped to 4,110,793,000 kilowatt hours from 4,120,038,000 reported in the preceding week, and compares with production of 3,424,-188,000 kilowatt hours in the corresponding week of 1942.

The Southern States led other major geographical divisions in percentage increases over 1942 at 28.3, thereby exceeding the Pacific Coast area, which had held the lead for some time. Other gains were: New England 13%, mid-Atlantic 20.8%, Central industrial 19.5%, West Central 16.3%, Rocky Mountain 16.6% and Pacific Coast 26.6%. The country as a whole was 20.1% ahead of last year.

Steel production in the United States is scheduled this week at 97% of rated capacity, indicating output of 1,679,700 net tons of ingots and castings, the American Iron & Steel Institute announces. Last week's rate was 96.6% and production was 1,672,800 tons. For the like 1942 week the rate was 98.4% of the then smaller capacity and output was 1,683,000 tons.

Although steel production in the nation slumped in June to the lowest levels in 10 months as a result of the coal strikes, output for the first half of 1943 reached a record total of 43,866,912 net tons, an increase of 1,331,000 tons over the previous top recorded last year, the American Iron & Steel Institute reports.

Production of ingots and castings by the industry in June amounted to 7,027,101 net tons, substantially below the May total of 7,545,379 tons and only slightly higher than output of 7,015,302 tons in June last year.

On the basis of average weekly production of 1,638,019 tons in June, representing use of 94.6% of available facilities, steel ingot output was at the lowest point since August, 1942, when the weekly average was 1,631,525 net tons.

Consumer buying this week maintained retail sales volume at high levels, despite the inauguration in many stores over the country of the summer schedule of a one-day closing, according to the weekly review of Dun & Bradstreet Inc. Retailers in outlying districts find their stores less assured of shoppers because of the cut in traveling facilities, the review says.

Department store sales on a country-wide basis were up 39% for the week ended July 3rd, compared with the same week a year ago, according to the Federal Reserve Board.

Store sales were up 29% for the four weeks ended July 3rd, compared with the same period a year ago.

Department store sales in New York City in the week ended July 10th, were 13% smaller than in the like 1942 week, according to a preliminary estimate issued by the New York Federal Reserve Bank. The bank pointed out that there was one less shopping day in the week this year compared with last year, because Independence Day was observed on a Monday this year as against Saturday in 1942.

In the previous week ended July 3rd, due also partly to the difference in the holiday, sales of this group of stores were 29% larger than in the corresponding week last year.

Coal production is approaching the pre-strike rate and is still gaining, according to Fuel Administrator Ickes.

During the week ended July 3rd, 10,350,000 tons of soft coal were produced, Mr. Ickes said. That was twice the amount mined in the preceding week.

The Bureau of Mines estimated anthracite production at 623,000 tons during the week of July 3rd, but Mr. Ickes said that reports from the field indicate that the current week's output may exceed pre-strike figures. Anthracite production for the week ended June 26th, was 284,000 tons.

In discussing this week's coal production Deputy Coal Mines Administrator Carl E. Newton said:

"We are driving to increase the production of coal to win the war, to a maximum capacity of the industry. We are in a pitched battle against time to get enough coal mined and transported this summer to carry us through the next winter without having to curtail war activities for lack of fuel. We have got to win this battle."

Weinberg Resigns

The resignation of Sidney J. Weinberg as assistant to Donald M. Nelson, Chairman of the War Production Board, because of ill health was announced by Mr. Nelson on July 6, effective Aug. 1.

In accepting Mr. Weinberg's resignation, Mr. Nelson said he wanted him to return to the WPB when he is well again and expressed "deep appreciation for the fine patriotic service you have given to your country."

Mr. Weinberg was senior partner of Goldman-Sachs & Co. and a director of many corporations when he went to Washington in May, 1941, to become assistant to Mr. Nelson in the Division of Purchases of the Office of Production Management. When the WPB was created in January, 1942, with Mr. Nelson as its Chairman, Mr. Weinberg was made assistant to the Chairman, serving for a time as head of the Bureau of Industry Advisory Committees and later handling personnel matters.

Passage Of Green Silver Bill Criticized By Dr. Spahr As Favoring Unsound Currency

Passage of the Green bill represents "another victory for the silver interests at the expense of the American people" and marks "another step toward moral bankruptcy in the administration of the nation's currency," according to Walter E. Spahr, Professor of Economics at New York University and Executive Secretary of the Economists' National Committee on Monetary Policy. Dr. Spahr charged that the Green bill "provides the means by which this country shall have more irredeemable paper money."

The bill, providing for the release of Treasury silver for war and essential civilian uses at not less than 71.11 cents an ounce, passed the Senate on June 18 and the House on July 5. The President has since signed the bill.

In criticising the Congressional action on the bill Dr. Spahr said in part:

"The victory of the silver bloc over the American people lies in the fact that, under the terms of the Green bill, Treasury silver, bought at an average cost of approximately 50 cents per ounce, cannot be sold to industries, even to aid the war effort, at less than the silver-subsidy price of 71.11 cents per ounce. The Treasury, Donald Nelson, and the Navy wanted this silver sold to war industries at 50 cents in order to encourage its expanded use as a substitute for other scarce metals. The silver bloc, however, fought these proposals to a standstill. They prevented insertion of the 50-cent price in the Green bill. They prevented the passage of the bill until Congress was ready to try to recess for a vacation and then railroaded the bill through on a reported deal made by the Speaker and the Majority and Minority leaders of the House which precluded amendment. Only a negligible number of Congressmen, notably Representative Frederick C. Smith of Ohio, fought this thing to the end.

"By these tactics the silver bloc demonstrated its willingness to prevent the sale of Treasury silver to war industries until the bloc's subsidy price was protected. In March, Donald Nelson asked for this Treasury silver. In April, Senator Green said that he had been informed that the silver stocks available to industry would last only ten days. But the silver bloc, to gain its ends and irrespective of the effects of their tactics on the production of war equipment for our armed forces, prevented the final passage of the Green bill, except on their own terms, until July 5.

"These tactics of the silver bloc, which, for a decade, have been in constant operation against the best interests of the American people and, in the last year or so, have operated to the disadvantage of our armament program and armed forces, have not been well understood by the general public.

"The Green bill provides that as Treasury silver securing the silver certificates is sold these certificates may be secured by silver busbars and other silver leased to domestic industry. This means that the $1,667,000,000 of silver certificates in circulation can soon become irredeemable paper money in which event the certificates will carry on their face a promise which the Federal government cannot and does not intend to fulfill. The dishonesty involved here was inexcusable because it was unnecessary; Federal Reserve notes in one-dollar denominations could have replaced silver certificates as the latter were retired because of lack of silver security to redeem them.

"This lack of respect for the importance of maintaining the integrity of government promises where the people's money is concerned has reached serious proportions. In December, 1942, the Treasury and Federal Reserve authorities authorized the issuance of $660,000,000 of Federal Reserve bank notes that carry on their face statements as to their security that are utterly false. Now, in June and July, 1943, Congress is willing to convert $1,667,000,000 of silver certificates into a paper money carrying promises likewise completely false.

"Each silver certificate will say on its face that 'This certifies that there is on deposit in the Treasury of the United States of America one dollar in silver payable to the bearer on demand.' The facts will be that these certificates will be 'secured' by busbars in electric plants and other silver leased, and that there may be no silver on deposit in the Treasury in the form of silver dollars payable to bearer on demand. Such 'security' is nominal, impracticable, and dishonest because no holder of a silver certificate can walk into an electric plant and clip off a dollar's worth of a silver busbar.

"Against this immoral and unsound provision of the Green bill 54 monetary economists of our leading universities and colleges issued a public protest in November, 1942, and, in December, 1942, Senator Danaher (Conn.) was able to eliminate it at least temporarily.

"Not a single voice was raised in Congress or in Administration circles on July 5 in protest against this sorry piece of business."

Life Insurance Agents Have Sold Over $5 Billion Worth Of War Bonds

More than $5,000,000,000 worth of war bonds have been sold in the 19 months since Pearl Harbor to 15,000,000 American workers by the life insurance agents of the country, it was announced July 9 by Grant Taggart, President of the National Association of Life Underwriters. The total of bond sales completed under the payroll savings plans initiated by the life agents in cooperation with labor, management and other groups, and cash sales made by the agents reached $5,100,000,000 on July 1. These represented purchases by 15,000,000 workers in 78,000 firms, which includes about half of all persons enrolled under payroll savings plans throughout the country. In addition to their work in selling E bonds, it is indicated the agents have sold a large volume of F and G bonds in both the First and Second War Loan drives, their efforts having drawn special commendation from Secretary of the Treasury Morgenthau.

"This work of the life insurance agents is one of the important home front war jobs today," Mr. Taggart said. "The agents are giving unsparingly of their time in aiding the government to secure the necessary funds with which to finance the war. More than 23,000 life underwriters have participated in the organized selling campaign and their work has become an integral part of the national plans for war financing."

It was announced by Mr. Taggart that the life underwriters are now preparing for even greater activity in September, when the Third War Loan drive is launched. A special bond rally is planned for all life insurance men attending the wartime meeting of the National Association of Life Underwriters the early part of September.

FDR Opposes Change In Civil Air Set-Up

President Roosevelt on July 5 was indicated as saying that agencies now governing civil aviation are "working satisfactorily" and should not be revamped. Associated Press Washington advices from which this is learned, further reported:

"To change the setup now," he wrote Chairman Lea (Dem., Calif.) of the House Interstate and Foreign Commerce Committee, "would so distract the attention of officials and employes of these agencies, and so impair their efficiency, as to seriously interfere with the contribution which they could otherwise make in the interest of securing successful civil aviation in the conduct of the war."

"The Chief Executive's objection was to a bill before the House and Senate which would, among other things, take the Civil Aeronautics Board and the Civilian Aeronautics Administration away from the Commerce Department, make the board supervisor over the administration, and establish an independent director to investigate accidents.

"Under the present arrangements the CAB issues certificates to airline operators, fixes mail pay rates, investigates accidents and regulates commercial aviation generally. The CAA now supervises safety measures and has control over the airports and airways.

"The President's letter was understood to have expressed concern that changes are contemplated 'at the present time' when, he said, the services of the established agencies are so greatly needed by the armed forces. The letter was said not to have mentioned other phases of the legislation, among them Federal regulation of flying, zoning of airports and studies looking toward postwar problems and the possible carrying of all first-class mail by air."

U. S. Life Companies Paid Out Over $1 Billion In Five Months Of 1943

Payments to American families by their life insurance companies in May brought the total for the first five months of the year above the billion dollar mark, with death benefits for the period showing an increase of 11% over the corresponding period of 1942, and surrender value payments 35% below last year's total, it is reported by the Institute of Life Insurance. Aggregate benefits to policyholders during the period amounted to $1,020,878,000 as compared with $1,041,787,000 a year ago.

The Institute's announcement July 9 further said:

"May death benefit payments at $89,485,000 were slightly below the amount reported for April, but were above payments in May a year ago. For the five months death benefits totaled $467,820,000, as compared with $422,021,000.

"Policyholders in May called for only $25,941,000 of the cash values in their policies, whereas $40,203,000 was withdrawn a year ago. For the first five months of the year the payment of these values was $132,431,000, a decrease of more than $70,000,000 from the $204,167,000 total for the same period last year.

Following are the May benefit payments in detail, together with the cumulative totals for the year to date:

	May Payments	First Five Months
Death benefits	$ 89,485,000	$ 467,820,000
Matured endowments	27,950,000	140,229,000
Disability	7,255,000	38,674,000
Annuities	12,842,000	70,804,000
Surrender values	25,941,000	132,431,000
Dividends to Policyholders	30,812,000	170,920,000
Total	$194,285,000	$1,020,878,000

Balances Accumulated By Latin America In U. S., London Major Post-War Trade Influence

National City Bank Sees Dollar and Pound Balances Affecting International Trade and Exchange Immediately

According to the National City Bank of New York, "the dollar balances accumulated in the United States by Latin American countries, and the sterling balances piled up by many countries in London, are now of such size that they are certain to be a major influence in international trade and exchange immediately after the war; and they are still growing." The bank's comments in the matter, under the head "Foreign Balances in U. S. and London" were contained in July "Monthly Bank Letter" in which it also had the following to say in part:

"These balances originate in wartime trade shifts. Fundamentally, they reflect increased purchases by the United Nations from the countries of the Western Hemisphere and of the British Empire, particularly since the loss of the resources of Southeastern Asia. This trade has been far more one-sided than is normally the case. Because of concentration on war production and shortage of shipping, neither the United States nor Great Britain has been able to supply to these countries the goods which they want, and for which they are able to pay. The result is a heavy trade balance in their favor.

"Since 1940 there has been a complete reversal in the balance of trade between the United States and Latin America. In that year our trade showed an excess of exports of $126 millions; in the year following, however, we had an excess of imports of $106 millions, and in 1942 our import balance came to almost $300 millions. Since our purchases are generally being maintained, there is likelihood of another huge import balance in 1943.

"Nor are the favorable trade balances Latin America's only source of dollars. Large disbursements are being made by us in connection with Western Hemisphere defense, and we are financing a considerable amount of highway and factory building, expansion of mines, and cultivation of crops formerly obtained from Southeastern Asia. Still another source of dollars is the inflow of private capital into those countries.

"Combined gold reserves and foreign currency resources of eleven Latin American countries aggregated about $1,325 millions at the end of 1942, compared with $775 millions in December 1940. Both gold and foreign exchange resources are apparently growing rapidly, for a tentative estimate put them at about $1,500 millions by the end of March 1943.

* * *

"The counterpart of the large accumulation of dollar exchange by foreign countries and its conversion into gold has been a decline in our own gold reserves and an increase in gold under earmark for foreign central banks and governments. At the end of June 1943, our gold reserves were about $400 millions below the peak of $22,793 millions reached in November 1941, while earmarked gold reached almost $3,000 millions by the end of last April, the largest amount ever held. In addition, foreign central banks and governments have acquired U. S. Government securities; holdings of these securities by the New York Federal Reserve Bank for foreign account stood at the end of 1942 at $481 millions. These figures are both in addition to the foreign deposits held at the Reserve Banks, currenty $1,082 millions.

* * *

"At the end of 1940, the known monetary gold reserves outside the United States were put by our Federal Reserve Board and the Bank for International Settlements at about $7,000 millions. In addition there were, according to the Bank for International Settlements, about $2,500 millions of gold in unrecorded holdings of exchange funds and government accounts outside of this country. Considering that about $2,000 millions of newly-mined gold must have been retained outside of the United States during the last two years or so, it follows that at the present time the known and unrecorded monetary reserves outside of this country must be in the neighborhood of $11,500 millions. This is roughly 34% of the total monetary stocks in the world and almost as much in value as the world including the United States held at the end of 1932, prior to the dollar revaluation of the metal. Of course, the credit structure which the gold outside of the United States is supporting has become much vaster.

"The problem of the liquidation of pound sterling balances without creating demoralizing currency instability will be a thorny one. By making recommendations for spreading their use over a long period, the White plan for currency stabilization recognized their importance in post-war relations. If other countries will accept British goods for them the problem of course can be solved effectively. Thus much depends on the degree of protectionism which the countries owning the sterling adopt, and also whether they will want to spend their money in Great Britain or to convert it to other currencies and do their buying elsewhere. These are matters which it is now difficult to predict.

* * *

"From the point of view of post-war relations, the accumulation of gold and dollar balances on the part of Latin American countries is a favorable development. They will provide a cushion against the effects of post-war changes in balance of payments, and contribute to long term stability. One practical result, which already has come about, is a greater stability in currency values, accompanied by relaxation in exchange controls.

"On the other hand, the expanded domestic purchasing power in the hands of the people of these countries, which the accumulation of gold and foreign exchange reflects, is having inflationary effects due to inability to import goods to absorb it. It is contributing to the upward spiraling of prices."

Roger R. Clouse Joins Cleveland Reserve Bank

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announced on July 1 the appointment of Roger R. Clouse, a Cleveland attorney, as Secretary of the Board of Directors of the Cleveland Regional Bank. Following his graduation from the Northwestern University Law School in 1934, Mr. Clouse became associated with Garfield, Baldwin & Vrooman of Cleveland. In April, 1942, be became connected with the Office of Civilian Defense of the Fifth Region, with headquarters at Cleveland, which association he maintained until his connection with the Reserve Bank.

President Says Invasion Of Sicily Marks 'Beginning Of The End'

President Roosevelt considers the Allied invasion of Sicily "the beginning of the end" of Axis-controlled Europe.

The President's views of the invasion were expressed at a formal dinner at the White House on July 9 in honor of Gen. Henri Honore Giraud, the French military commander. Mr. Roosevelt had announced news of the landings in Sicily in an impromptu talk to dinner guests and the White House made public on July 10 excerpts from his remarks. He confidently predicted the liberation of France and the restoration of the people of France.

The following regarding the state dinner and the President's remarks was reported by the Associated Press:

The recital of events at last night's dinner proved it to be one of the most dramatic state functions held at the executive residence in many a month. Mr. Roosevelt and his guests, French and American military, naval and civilian officials sat down to a dinner about 8:15 P. M. (E.W.T.), and the affair went routinely until about 9 o'clock. Then Mr. Roosevelt received word that landings actually had been made on Sicily.

The President was sitting with General Giraud on his right and General George C. Marshall, the American chief of staff, on his left. Across the table was Secretary of State Hull, Admiral William D. Leahy, the President's personal chief of staff; and Admiral Ernest J. King, commander-in-chief of the fleet. Possibly no item of news could have been more exciting to these men and no subject more heavily on their minds at that time than the Sicilian operation.

But with his sense of the dramatic, Mr. Roosevelt kept his information to himself until the concluding stage of the dinner about 10 P.M.; at that time he rose to propose a toast and thrilled his assembled guests with these words:

"I have just had word of the first attack against the soft underbelly of Europe."

At that point the President moved into a very brief description of the invasion of Sicily after pledging his hearers to keep secret all he told them until midnight. This pledge was necessary because simultaneous release times had been fixed for Washington, London and North Africa.

"The operations have begun," the President said, "we won't get definite news until later but the news will be coming in from now on."

Mr. Roosevelt hailed the operation as an outstanding example of carefully accomplished planning and of co-operation between American and British forces. Similar co-operation, he said, has been achieved with the French forces in North Africa.

The operation against Europe's "soft underbelly" has a great many objectives, Mr. Roosevelt declared, although "of course the major objective is the elimination of Germany."

"Last autumn, (when North Africa was invaded)," he went on, "the Prime Minister of England called it 'the end of the beginning.' I think you can almost say that this action tonight is the beginning of the end."

The President then began speaking almost directly to Gen. Giraud assuring him that "France is one of the directions" in which Allied forces will strike to destroy Hitler's hold on Europe. Not only will the people in Southern France be liberated, he said, but also "the people in Northern France—Paris."

It was this statement which led to speculation that the President envisions invasion thrusts into Europe from both the Mediterranean and the British Isles.

The Chief Executive praised the co-operation of which the French military and naval forces in North Africa had given the American forces there and he said that he thought the "older regime" of France is "breaking down."

When the Chief Executive had completed his assurance of all help and assistance in the arming the French forces of liberation and in freeing France and its people from German enslavement, Gen. Giraud spoke briefly in reply. He thanked Mr. Roosevelt for support for France and declared that through American aid French soldiers would have their share in freeing their country.

Gen. Giraud then closed the exchange by lifting his glass and proposing to his fellow guests the health of the President and the glory of the United States which he described as the great nation through which peace and friendship would be restored to the earth.

Coal Operators Ask If President Is 'Capitulating'

Representatives of the Appalachian area coal mine operators on July 10 called on James F. Byrnes, War Mobilization Director, for assurance that comments by President Roosevelt at a press conference the day before "do not constitute capitulation by the government" to John L. Lewis, President of the United Mine Workers of America, states an Associated Press dispatch, which further goes on to say:

The President told questioners on July 9 that he knew of no law which could compel Mr. Lewis to sign a contract with the operators, as directed by the War Labor Board. He asked what good it would do if he sent Mr. Lewis a note in longhand on pink paper asking him to sign as the WLB directed. He said he doubted that authority existed for taking over the UMW. That last comment was in answer to a reminder that Montgomery Ward & Co. had signed a union contract upon his order. He said sanctions existed in that case in the form of authority to take over the firm.

A statement released on July 10 by R. L. Ireland jr. and Edward R. Burke representing the Appalachian operators, said:

"We have not lost faith in the War Labor Board and the Office of War Mobilization. We do not feel that the Administration will continue to tolerate the present interruption of coal production nor that it will continue to deprive us of possession of our mines. To do so would mean complete capitulation to Mr. Lewis, and that in turn would be a threat to the entire industrial structure of the nation."

Appended to the operators' statement was a copy of a letter they sent Mr. Byrnes on July 9, saying:

"We have before us your letter of June 30 in reply to our letter of June 23 to the President, in which you state 'the government is giving careful consideration to the steps which may be taken to obtain full compliance with the June 18 directive of the National War Labor Board without increasing the risk of interruption of mining relations.'

"We have just seen the report on the President's press conference this morning. It is being interpreted by the coal industry as an answer to our letter of June 23 to the President and our letter to you of June 30. They interpret the President's remarks to mean that the Administration has decided not to require that, therefore, Mr. Lewis, through his defiance of government, has gained his point and that they would have been better off to have joined with Mr. Lewis in the making of a contract. They feel that their negotiating committees were wrong in trying to support the stabilization program.

"If the coal industry is to retain its faith in the authority of the War Labor Board and the power of your office, it is essential that you give us some assurance that the President's remarks this morning do not constitute capitulation by government to Mr. Lewis."

Mr. Byrnes's letter of June 30 to Mr. Ireland and Mr. Burke said there "has been no promise or commitment by the government that the mines will be operated by the government until Oct. 31 or for any stated period.

"The Governor desires to return the mines to their owners as soon as this can be done without increasing the risk of interruption of mining operations.

"The mines were taken over by the government not to punish the coal operators, but to see that coal is mined. The government is giving careful consideration to the steps which may be taken to obtain full compliance with the June 18 directive of the National War Labor Board without increasing the risk of interruption of mining operations."

OCD Curtails Activities Due To Reduced Funds

To meet the reduction made by the Congress in the requested appropriation of the Office of Civilian Defense, steps in the curtailment of its activities have already been effected and over 200 employees have been notified that their services have been terminated as of July 15, James M. Landis, Director of Civilian Defense, announced on July 6. The announcement stated:

"The Organizations Service Division of the Civilian War Service Branch, including the Office of the Chief, the Community War Information Section and the Program Services Section, has been abolished. This means that the Office of Civilian Defense will no longer render any service to the approximately 60,000 Victory Speakers who have been organized by State and local councils of defense, Director Landis explained. Nor will it continue to render any service to locally organized discussion groups or centers for war information that the various communities have established, he added. In the field of motion pictures, the abolition of that section will mean that State and local defense councils can expect only an extremely limited number of training films. The radio script exchange service for local communities is also abolished.

"Drastic curtailment in staff and field operations of the civilian war services as a whole has been effected, Director Landis announced. He expressed the belief, however, that leadership and direction can still be given to the 4,000,000 volunteers engaged in activities in the 12,000 local defense councils throughout the nation."

"The 11,000,000 volunteers in Civilian Defense throughout the United States should not regard these economies as reflecting in any way upon appreciation of their work," Director Landis said, "and should not treat the curtailment of service rendered to them as indicating that these volunteer services are no longer required by the nation. Quite the contrary is true."

Employees whose services are terminated are greater in number in Washington than in the field, officials reported.

Warns Commercial Banks' Existence Imperiled By Encroachment Of Non-Banking Agencies

Declaring that 15 different types of business are now permitted by law to perform commercial banking functions, Harold J. Marshall, Secretary of the New York State Bankers Association, on July 10 pleaded for the nation's 15,000 chartered commercial banks through their State associations to ask for State and national investigations of "those who seek to encroach upon bank earnings while assuming few, if any, banking responsibilities."

Mr. Marshall, speaking at a meeting of the Western Secretaries Conference of State Bankers Associations at Colorado Springs, Colo., urged officials of organizations to institute studies of private and Federal competitive credit and depository agencies to determine the actual extent of the inroads made and the trend towards further undermining of the commercial banking structures of their States. Mr. Marshall said:

"None of the instrumentalities now performing commercial banking functions are either willing or able to assume the responsibilities and restrictions of the chartered banks. Still, all of them are seeking opportunities for profit in credit lines which rightfully belong in the banking structure.

"What banking needs is an 'amicus curiae', in plain English, a friend of the court, filed in its behalf with our legislative representatives by Leo Crowley of the FDIC, Marriner Eccles of the Federal Reserve Board, Preston Delano, the Comptroller of the Currency, and each of the 48 State supervisors of banks. Banks have the right to expect that these gentlemen who interpret the regulations governing our operations shall recognize the need to safeguard our very existence.

"To date, State and Federal supervisory authorities have taken little or no initiative in restricting activities and reducing the number of agencies in the banking field.

"Nevertheless, the job must be done if independent banking is to survive, and the time for supervisors and State banking associations to become active is not several years hence when the field will have been completely overrun by outside agencies, but now, when there is still time to save thousands of smaller banks."

In New York State, he pointed out, every principal banking function, except trust and fiduciary powers, has been taken over by one or more non-banking agencies. "The situation is loaded with dynamite for the banks," Mr. Marshall declared, "because the shock troops of these groups have long ago started campaigns for legislation which will give them the right to perform still more banking functions." He added:

"Savings and loan associations and mutual savings banks are clamoring for the privilege of making small loans; credit unions and licensed lenders seek to expand into the commercial and mortgage loan field; savings banks are seeking permission to operate demand deposit accounts; savings and loan associations want to make personal loans; investment companies want to make commercial loans, and Federally subsidized credit agencies seem to be demanding a free hand to lend public moneys on any basis they choose, without adequate security and in many instances without recourse.

"The result is a confused and topheavy system under whose weight someone is going to be crushed. My guess is that unless the trend is checked, the small banker is the logical victim. He is a 'set-up', in fact, because his business existence is hedged by regulations and requirements which keep him from fighting back at his free-ranging competitors."

Murray Urges Labor Crusade To Force Congress To Support President's Program

Philip Murray, President of the Congress of Industrial Organizations, appealed on July 11 to labor and other groups to join in a "great crusade" to force Congressional support for President Roosevelt's "victory program."

Specifically citing his objections to passage of the Smith-Connally anti-strike bill and to Congressional efforts to block food price rollback subsidies, Mr. Murray, in a nation-wide radio spech, said "there has been too much labor-baiting, too much Administration-baiting and too much politics-as-usual" in the present Congress.

United Press Washington advices, in the New York "Herald Tribune" in reporting Mr. Murray's talk, further stated:

"He said the CIO executive board has decided that the 'time has come for labor to take the lead in mobilizing popular support behind our commander-in-chief . . . to impress upon members of Congress the people's wishes, and to prepare for the election of a more progressive Congress in 1944.'

"He announced plans for special conferences to be held during the next two months in every community or Congressional district where CIO unions are represented. All sections of organized labor, consumer groups and public officials will be asked to attend, as will representatives to Congress from the respcetive districts.

"Charging that Congress has interfered with price control by cutting the appropriation for the Office of Price Administration and forbidding grade labeling, he said the CIO demand 'a real rollback of living costs to the level of Sept. 15, 1942,' or a revision of the Little Steel formula to bring wages up to the present level of prices.

"Meanwhile, Senator Millard E. Tydings, Democrat, of Maryland, in a radio address at Baltimore, charged that when the government uses subsidies to roll back food prices, it leaves the cost of the food 'for all the people' right where it started.

"The housewife, through taxes, he said, 'must furnish the government with all the money which the government uses to pay a part of the price of anything the housewife buys.'

"Congress recessed last week after failing in several attempts to put a strict ban on price rollbacks through subsidies, already applied to meat and butter."

Officers of Florida Advertising Group

A recent "convention by mail" of the Fourth District of the Advertising Federation of America, resulted in the following new officers for the district:

Governor—R. E. McCarthy, McCarthy Advertising Agency, Tampa, Fla.

Vice-Governor—R. D. Peterson, St. Petersburg Independent, St. Petersburg, Fla.

Secretary — Joe Orthner, Ace Letter Service, Miami, Fla.

Treasurer—Stephen H. Fifield, Barnett National Bank, Jacksonville, Fla.

Treasury Income Tax Ruling For Employees' Pension, Stock Bonus And Profit-Sharing Trusts

Requirements which must be met by employees' pension, stock bonus and profit-sharing plans if trusts embodied in these plans are to acquire preferential income tax treatment were announced on July 8 by the Treasury Department and the Bureau of Internal Revenue. The requirements are set forth in regulations issued under authority of the Revenue Act of 1942. The Treasury Department points out:

"Two sections of the regulations cover integration with the Social Security system of plans which exclude employees not earning more than $3,000 a year. While no particular formula is prescribed, the rule is established that such plans must be so integrated that the total benefits received by covered employees (including their Social Security benefits) will not be proportionately greater than the benefits received under the Social Security Act by excluded employees."

In connection with the publication of the regulations, Commissioner Helvering made the following statement:

"The Revenue Act of 1942 effected very substantial amendments to the income tax law relating to employees' pension, stock bonus and profit-sharing trusts forming part of plans for the benefit of employees. If the plans meet specified statutory requirements the trust income is exempt from tax. In addition, an employer's contributions to the trust, up to the full amount permitted by the law, are deductible in computing his own income tax liability for the year in which they are made, but such amounts are not required to be included in the taxable incomes of the employees until ultimately distributed to them.

"The statutory requirements upon which this favorable tax treatment is conditioned relate both to the amounts which may be contributed by an employer and to the allocation and distribution of the contributions and benefits to the employees. Important among these limitations are the provisions (1) that the trust seeking exemption must be part of a plan for the exclusive benefit of the employees; (2) that the plan must cover a fixed high percentage of the total employees or, in the alternative, that it must embody a classification of employees which is determined by the Commissioner of Internal Revenue not to discriminate in favor of officers, stockholders, supervisory or highly compensated employees, and (3) that the employer contributions and employee benefits must also not discriminate in favor of those classes of employees above specified.

"The subject of employees' trusts generally and, more particularly, the question of the forbidden discriminations have raised many complex and involved problems which have occupied the attention of the Treasury Department for many months. The plans which most often raise the question of discrimination are those written to cover only employees whose annual earnings are in excess of a stipulated amount, usually $3,000. This type of plan is an outgrowth of the last few years. It includes only a small minority of all plans. Its development has in large part coincided with the high tax rates in effect since 1939. Because of a tendency to increase in number, because eligibility depends on how much an employee earns, and because almost invariably a very small percentage of the total employees will be covered, such plans must be closely examined, in view of the policy against discrimination.

"While the $3,000 salary classification is not in itself forbidden by the statute, nevertheless, it may well result in the forbidden types of discrimination. Regarding the discrimination provisions, the law states in effect that the prohibited discriminations will not arise merely because in coverage, contributions and benefits, employees earning $3,000 per annum or less are excluded, if such employees are covered by the Social Security program. It also provides that discriminations will not arise merely because the benefits paid upon annual earnings in excess of $3,000 differ from those paid upon earnings of $3,000 or less. Moreover, it is specifically stated that discrimination will not arise merely because contributions and benefits are based on a uniform percentage of earnings. The report of the Committee on Finance of the Senate on this portion of the 1942 law states that these provisions, together with the authority granted to the Commissioner to approve non-discriminatory classifications not meeting the specified high percentage requirements as to coverage, were intended in part 'to make it possible for plans supplementing the Social Security program to qualify.'

"It is apparent that the reason for permitting these distinctions, as between employees earning more than $3,000 and those earning less, lies in the fact that Social Security provides benefits on all the earnings of the latter group. However, the propriety of this type of plan, in conjunction with the Social Security program, must be viewed in the light of the general policy of the law that the prohibited discriminatory effects must be avoided. In drafting regulations on this subject therefore, the task has been to establish the type of supplementation which is permitted by the law.

"It is implicit in the reason for the exclusion of those earning $3,000 or less that if supplementation is not to favor the officers, stockholders, supervisory and highly paid employees included in the plan as against the lower paid employees excluded, the supplementary benefits must be related to the benefits under Social Security. Accordingly, the regulations issued today adopt the basic rule that plans which exclude employees whose earnings are $3,000 a year or less must be integrated with Social Security in such manner that the total benefits received by employees covered by the plan (including their Social Security benefits), will not be proportionately greater than the benefits received under the Social Security Act by employees earning $3,000 or less.

"There have been issued, at the same time as the regulations, three rulings by the Income Tax Unit of the Bureau of Internal Revenue specifically relating to the matter of discrimination in pension plans which adopt as a minimum eligibility requirement a salary of $3,000. These rulings indicate two examples of such plans which will be deemed to satisfy the requirements of the regulations concerning integration with the Social Security program. The third deals with a plan which will not be deemed satisfactory in that respect. It is believed that publication of these rulings may prove helpful in connection with other plans of a similar nature. However, the principle of integration does not require any particular formula. It lends itself to expression in a variety of forms, any one of which may prove equally satisfactory. Accordingly, each case may be considered on its merits without reference to a preconceived form, with a view to determining whether it achieves substantial integration."

Ownership Of Bank Deposits Surveyed By Federal Reserve System

Demand deposits at commercial banks increased at an unprecedented rate in 1942 and the first quarter of 1943, and the total of business and personal deposits reached a new high figure of $53,000,000,000 at the end of that period. Information about the ownership of these deposits has been obtained through a recent exploratory survey made by the Federal Reserve System, the Board of Governors stated on July 7 in its announcement in the matter. In its advices the Board said:

"Tentative estimates based upon the sample reports received indicate that between 70 and 80% of demand deposits of individuals, partnerships and corporations at all commercial banks in the country belong to businesses and that between 20 and 30% are personal. In total it appears that incorporated and unincorporated business deposits, including those of financial institutions and agencies other than banks as well as those of concerns engaged in manufacturing, construction, trade, services, etc., are in the neighborhood of $35,000,000,000 to $40,000,000,000, while personal demand deposits, including those of farmers, are between $10,000,000,000 and $15,000,000,000. It should be observed, however, that in addition individuals hold predominant proportions of the $29,000,000,000 of savings and other time deposits at commercial and mutual savings banks and of the $15,000,000,000 of currency in circulation outside banks."

The Board's announcement further said:

"It has been estimated that of the total increase of $15,000,000,000 in demand deposits over the fifteen months ending March 31, 1943, perhaps $6,000,000,000 to $7,000,000,000 occurred in the accounts of manufacturing, mining, and construction business and another $5,000,000,000 or $6,000,000,000 in accounts of all other businesses—financial and non-financial. This estimated increase in business deposits accounts for about three-fourths of the total increase, and indicates that the growth of personal deposits (including those of farmers) was probably between $2,000,000,000 and $4,000,000,000 over the period, an increase of about one-third. These estimates should be considered only rough indications of probable minimum and maximum limits of personal deposits and of deposits owned by various broad business groups.

Sample of Banks Reporting

"The sample of 689 reporting banks on which these estimates are based held about 40% of all demand deposits of individuals, partnerships and corporations in the United States on March 31, 1943, and about 70% of deposits at reporting banks were classified as to ownership. The accounts so classified were the larger ones, including all those above limits varying from $5.000 to $100.000 at most banks, although a few banks used higher or lower limits. The bulk of the dollar volume of deposits classified was at large and medium-sized banks where the sample was relatively much more complete than for small banks. The broad estimates for deposit ownership at all banks make allowance for the greater proportion of personal deposits among the accounts not classified and among non-reporting banks than among reported classified deposits. These allowances, in the absence of actual figures, can only be approximated, and the estimated figures here given are necessarily tentative.

Ownership of Bank Deposits at Reporting Banks March 31, 1943

"Of the estimated $53,100,000,000 of demand deposits of individuals, partnerships and corporations at all commercial banks on March 31, 1943, the 689 banks covered by the survey held $20,800,000,000, of which $14,400,000,000 were classified as to ownership. Slightly over half of all personal and business deposits at these banks were classified as belonging to non-financial businesses and 12% as belonging to financial businesses, while amounts of large deposits classified as personal were small. About 31% of the total were not classified. The actual amounts reported in each group are shown in Table 1, which also indicates the relative size of the sample as compared with all commercial banks.

TABLE 1. Demand Deposits of Individuals, Partnerships and Corporations at Selected Banks, by Types of Depositors March 31, 1943*

	Amount outstanding (in millions of Dollars)	Percentage of total deposits at reporting banks
Classified "large" deposits posits†		
Non-financial businesses	10,818	52.0
Financial businesses	2,401	11.5
Non-profit associations, clubs, churches, etc.	327	1.6
Personal (including farmers)	882	4.2
Total classified	14,430	69.3
Unclassified deposits	6,380	30.7
Total deposits at reporting banks	20,810	100.0
Deposits at non-reporting banks	32,290	---
Deposits at all commercial banks‡	53,100	---

*Reported by 689 banks, including approximately 400 branches in San Francisco Federal Reserve District.

† Lower classification limit varied from $3,000 to $1,000,000; most banks used from $5,000 to $100,000, and 8 used over $100,000.

‡ Estimated.

Table 2 summarizes figures reported by a smaller number of banks giving a more detailed breakdown of business deposits by broad types of business. These figures indicate that nearly two-thirds of the deposits in the classified "large" non-financial business accounts belonged to concerns engaged in manufacturing, mining, and construction, with public utilities and trade each accounting for about an eighth of the group total. Among the financial accounts, those of insurance companies comprise the most important group.

Table 2. Distribution of Business Deposits By Types of Business
Demand deposits in "large" accounts at selected banks*
March 31, 1943

	Amounts outstanding (In millions of dollars)	Percentage of group totals
Non-financial businesses	8,738	100.0
Manufacturing, mining, and construction	5,571	63.8
Public utilities, transportation and communication	1,253	14.3
Retail and wholesale trade and dealers in commodities	1,112	12.7
All other	802	9.2
Financial businesses	1,581	100.0
Insurance companies	782	49.5
Investment trusts and investment companies	136	8.6
Security brokers and dealers	90	5.7
Trust funds of banks	230	14.5
All other	343	21.7

*Includes only deposits in accounts above certain minima, varying from $3,000 to $1,000.000; most banks used from $5,000 to $100,000 and a few used over $100.000. Financial business breakdown based on reports from 159 banks; non-financial business from 572 banks.

Distirbution of Deposits at Different Sizcd Banks

"Table 3 indicates that business deposits comprise a substantial proportion of demand deposits in banks of all sizes, although the proportion is greater for large banks than for smaller ones. The amount of unclassified deposits was much greater in the small banks than in the large ones, even though lower minimum limits were used in the former than in the latter. The very large banks, which mostly classified accounts of over $100,000, reported a classification for about three-fourths of all their demand deposits of the type covered, while the smallest banks classified slightly less than half of their deposits. These differences in proportion of unclassified deposits reflect the greater relative importance of small personal accounts at the smaller banks than at the larger ones.

Changes in Deposits by Types of Owners

Table 4 shows for 533 banks, which reported back data, the dollar and percentage increase in each type of account between December 31, 1941 and March 31, 1943. Of the total increase in deposits at reporting banks over the period, over three-fourths was in reported large non-financial business accounts, primarily those of manufacturing, mining, and construction concerns, with another 7% in financial businesses. Making allowance for a division of the unclassified deposits, it seems certain that well over 90% of the total increase in deposits at reporting banks occurred in business accounts—financial and non-financial. The broad estimates given earlier in this statement show that at all commercial banks the increase in business deposits accounts for a somewhat smaller proportion of the total increase, reflecting the larger volume of personal deposits at non-reporting banks.

President Praises Women War Workers

President Roosevelt on July 7 praised women war workers for doing "a grand job." The President paid this tribute in a letter to Secretary of Labor Frances Perkins on the occasion of the 25th anniversary of the Women's Bureau of the Labor Department.

The letter, which was read by Miss Perkins during a Blue Network program on July 7, read as follows:

Dear Madam Secretary:

The Women's Bureau of the Department of Labor will be 25 years old tomorrow and it is altogether fitting that its many accomplishments over the years be told tonight.

The bureau is to be congratulated on the work it did in the first world war and on the work it is doing now in the interest of women workers all over the United States.

I am informed that approximately 16,000,000 American women are now working, more than 2,000,000 of them being engaged in the production of the munitions with which the United Nations are steadily beating down the Axis.

More and more of our women, in months to come, will go into munitions plants, aircraft plants, into shipyards and into other industries making actual equipment for our soldiers, sailors and marines or into plants servicing our armed forces.

They are doing a grand job, all of them, working under what are new condtions, for most of them, they are showing the skill and efficiency which makes for high production. We owe them and their sisters, who are taking the places of men in many drudging civilian jobs, a great debt and I join with Americans here and those in the fighting forces all over the world in acknowledging it upon an occasion such as the anniversary of the government agency which is so much concerned with their welfare. Very sincerely yours,

FRANKLIN D. ROOSEVELT.

"Big Boys" Of Business Not "Cashing In" T. W. Lamont Tells Poet Benet

(Continued from first page)

for so many years, and have from my humble stance in mundane affairs so admired your eminence in letters, that I hesitate to call to your attention certain of your recent observations on purely economic and business questions with which I am not in accord.

In the May 22 issue of your "Phoenix Nest" you begin by saying "The self-righteousness of capital toward the recent high-handed conduct of John L. Lewis (and of most of the press, which can always be counted upon to side with the big money) brings to mind, etc."

Now I cannot help wondering what your definition of "capital" is that has shown such "self-righteousness." Is it the recent "high-handed conduct" of both Houses of Congress? Or is it the conduct generally of our millions of citizens who own the greatest single capital item in our country, namely, our farms, and of the other millions who own the shares of our great industrial and transportation corporations? For surely you must be aware that in the last two generations the ownership of all the thousands of our great corporations (with possibly two or three exceptions) has been fragmentized, democratized; and that most of those large blocks of individual holdings no longer exist.

Well, let's not bother then, to ask you to define capital, nor for that matter to adduce proof of your dogma that the subserviency of the public press to "big money" can "always be counted upon." Having started originally in newspaper work and for years followed the course of the public press, I have always felt that its independence, just as in England, had been recognized and accepted as one of the glories attained up to the present time only by Anglo-Saxon peoples. Have I been wrong about this all this time? And are you able, moving as you do more closely in journalistic circles than I can hope to do, to assure me that you are right as to this lack of "independence" in the press?

This is rather a long preliminary to my respectful expression of astonishment that you should at this point, a full year after its publication, have taken to your bosom "The Coming Showdown," that fantasy of one Carl Dreher, whose remedy for all the ills of the world is "democratic collectivism." In America we don't know much about collectivism but we have a natural distaste for the sound of it because it is a Nazi and a Fascist product. And we know darn well that collectivism is at the antipodes from democracy, and that, Carl Dreher to the contrary notwithstanding, there can be no such thing as "democratic collectivism." As one of the reviewers a year ago pointed out: It is a "contradiction in terms" since "collectivism works in practice only when it is thoroughly undemocratic."

You quote from Mr. Dreher, calling particular attention to his idea, which you yourself seem to accept, that "Congress is still squeamish about dipping deep into war profits"; such a statement seeming to imply a previous careful study of our existing tax laws. You yourself go on to say that people (including yourself, Bill?) "have a strong suspicion that capital is cashing in on the war." Of course everybody knows that for many of our American corporations large gross earnings are the order of the day. But careful analysis fails entirely to bear out the "cashing-in" idea. Very likely you yourself may have had in mind some of our largest companies which have been converted at the request of the Government to the production almost exclusively of war materials. I have before me a recent compilation analyzing the reports of a group of 40 such large manufacturers of war materials, and these figures present an entirely different picture from what Mr. Dreher certainly, and you probably, have had in mind. These figures show that while the sales of these concerns have grown enormously, their payrolls and taxes have immensely increased, whereas their net income and the dividends they have paid to their stockholders have declined. Tabled figures are rather annoying, I know, but these that I quote below tell the story:

	1940	1941	1942	% change 1941-2	% change 1940-2
	(in millions of dollars)				
Sales, etc. ..	$7,659	$11,230	$13,895	+ 24	+ 81
Payrolls	2,502	3,607	4,915	+ 36	+ 96
Taxes	598	1,465	1,753	+ 20	+ 193
Net income .	705	765	587	—23	— 17
Div. paid...	482	515	388	—25	— 20

As you see, the immense corporate income and excess profits taxes that these industries are, quite properly, being called upon to pay, have resulted in a marked falling off of profits and dividends. So the Government, which certainly needs the money, and not the corporations, has been doing the "cashing-in." I may add that from 1940 to 1942, the average annual compensation per employee of these corporations rose from $1,800 to $2,450.

So you see that the Big Boys, as you call them, have not been "cashing-in" on the war as you seem to think. Even at that, many of their existing contracts are subject to fresh "renegotiation" by keen Government officials which may well reduce still more the final net income of these corporations.

No, Bill, I do not believe you need be concerned about the Big Boys in industry. On the contrary, I assure you from personal knowledge, that what we have to be concerned about is this, namely, that many of our industrial concerns, under present tax legislation, far from cashing in on the war, are more likely to be dangerously depleting the corporate reserves they will surely need to meet the task of reconversion of their plants from war uses and machines to peacetime production when the war ends. Of course we may squeeze the corporations until the pips squeak, but let us leave them enough to prepare for this vital task of reconstruction.

Reverting to Mr. Dreher's book, you do not go so far as to say that "democratic collectivism" is the solution you favor. Apparently a "balance of free enterprise and control by the Government" would be enough to satisfy you. Hardly any reasonable man, even one of the "Big Boys" of business, as you call them, would, I assure you, disagree with that ideal. The difficulty comes when the form and extent of control by Government are to be determined, and the history of the past ten years or more illustrates the complexity of the problem. All I would ask is for you and me not to be too impatient with our present system and its admited faults—not to be too ready to believe the worst about it.

One other thing I have overlooked. That is, when you said: "We have seen unfettered initiative and free enterprise run a country right into the hole." In other words it was primarily the initiators and free enterprisers, was it? who brought on the great business depression that began late in 1929? Is that what you mean, Bill? Is that really possible? Were you not aware that in that period the whole civilized world went into a tail-spin. That the European debacle began in 1931 with the bankruptcy of the great Credit Anstalt Bank in Vienna; that England was driven off the gold standard in September, 1931, a year and a half before we were, and so on?

Look up your history, and at the very start put this in your pipe and smoke it: if every quarter century or so our Western civilization is going to indulge in the luxury of a world war, destroy hundreds of billions of dollars of property and millions of human lives and dislocate our whole machinery of living and progress, then of course such vast conflicts are bound to be followed sooner or later by devastatingly hard times. The world really never got solidly back on its feet after World War I. In the 1920's it was feverishly at work trying to reconstruct, borrow, and go through all the motions. It was setting up, through the blindness of its politicians all over the world, trade barriers and embargoes, trying to collect impossible international loans and dedeviling international trade generally.

But it was not our initiators and free enterprisers that did the mischief. It was the great economic aftermath of a world-wide war plus unwise statesmanship.

Incidentally, do you recall that after the Napoleonic Wars that ended in 1815 England never got really back on her feet economically till 1850? For that long and dismal aftermath Napoleon was far more responsible than the free enterprisers.

Following our own Civil War we had a terrific depression from 1873 to 1877, a direct aftermath of the dislocating struggle between the North and the South. Many Southerners think that despite the best efforts of these free enterprisers the South has never recovered, after 80 years, from the devastation of that great conflict.

The Spanish American War (1898) the Boer War (1899-1902), the Russo-Japanese War (1904-05) were not world conflicts, but put together they destroyed a tidy lot of capital and upset the economies of many nations. The panic and depression that inevitably followed came about 1907, and from that time on business here was spotty until the second year of World War I in 1915.

What is going to happen to our American economy after the present, the greatest and most devastating of all world wars? The Lord only knows. But we are all aware that at this moment business men and Government are working at top speed not only to win the war, but to devise plans to lessen the post-war shocks upon employment, living standards and all else that has been a part of the American way of life.

But, Bill, just a moment at the end of a long but, you can see, a respectful and amiable letter: Forget about the machinations of these "free-enterprisers" of yours that you think have done so badly by us. Forget about your Big Boys and all the category of personal devils. Just sit down with me late some afternoon over a cool drink at the Century Coffee House, or where you will, and fix up with me a simple little international plan that will prevent wars. Then we shall be able to avoid post-war booms and depressions and you will finally get a real idea of the system that is variously called the profit system, or the capital system, or the enterprise system, or the savings and thrift system—all good names for the system under which America grew in three hundred years from the wilderness to a land in which men are free and have more nearly equal opportunity than ever before, to a land in which the average man lives better, healthier and wealthier than ever man has anywhere.

Let us be careful, you and I, in our urge to better humanity, not to kill off the precious thing that in your piece you yourself call "the independence of Americans."

Affectionately yours,

(Signed) Thomas W. Lamont.

Mr. Rose in "The Phoenix Nest," May 22

From the May 22 column of "The Phoenix Nest" by Mr. Benet we quote the following:

The self-righteousness of capital toward the recent high-handed conduct of John L. Lewis (and of most of the press, which can always be counted upon to side with the big money) brings to mind the fact that, as Carl Dreher says in "The Coming Showdown," there was also "a sit-down strike of capital in the face of a national crisis." But that was some time back, of course, and events move fast, and people forget. Yet also "the people do get the general drift of events. . . . They know that the profits of big business have gone up. They know that the yield of the excess-profits tax for the first year of rearmament was no more than a drop in the bucket of military expenditures, and that Congress is still squeamish about dipping deep into war profits." They have a strong suspicion that capital is cashing in on the war. So, "beneath the appearance there will be that 'class suspicion and hatred' which the big boys are always muttering about when they are not too busy promoting it with all the means at their command." Sometimes when I think over where I stand myself, as a patriot, I guess it is against having the country run for those Big Boys, and in favor of having it run for Mr. Wallace's Common Man. One thing we have created in this country which I haven't found elsewhere, and which I thik is a great characteristic of ours, is the independence of Americans. But "independent as a hog on ice," is also a perfect description of it. A hog on ice is great on independence, but not so sound on the principle of control. So, when tears spring to the eyes of the business man at the mention of Initiative and Free Enterprise, holiest to him of all things under the sun, is he not apt to forget, as he bows his head and sinks to his knees, the unbelievable social stupidities, to say nothing of economic crimes, that have been committed in their name? I don't think we so much admire the fellow that "gets away with it" as we used. We have seen unfettered initiative and free enterprise run a country right into the hole. Today what we want is a **balance** of free enterprise and control by the Government. The upholders of the **status quo** have always reiterated to us that "you can't change human nature." No, say I to them, you can't, it seems, change the human nature of you fellows; so to protect yourselves from yourselves and the public from you, it is necessary for the Government to exercise certain controls. Or who do you think you are?

With which moral—if it be a moral—I drop my theorbo, as Browning said.

Mr. Benet's Reply to Mr. Lamont

The column written by Mr. Benet for the "Saturday Review," of July 17, follows:

THE PHOENIX NEST

The **Nest** could hardly escape being flattered by the attention paid to its vestiges of opinion by an eminent financier. You see, if Tom Lamont can be a mossy violet, I can be mossier! Nor could I escape being rather appalled by having my name, so to speak, headlined, just as I had quietly stolen away to Cape Ann for a communion with the shades of some of the Transcendentalists who once sojourned here. But such, I suppose, are the penalties of opinion. Mr. Lamont's letter was that of a scholar and a gentleman, as was to be expected. It was an honest letter from an honest man, which also goes without saying. He puts the blame for "dat ole davil" Economic Cycle on Wars. Wars have undoubtedly had a great deal to do with the woes of the world from time immemorial; and they get worse and worse. But wars do not just happen because men like to fight. They happen also because men hold opinions they think are worth fighting for, for those opinions become principles and ideals. We are now fighting abroad for our own ideals, which very word means (as people are likely to forget) that they are only in process of being realized, and may, indeed, never be wholly realized. At home we are engaged in a great deal of friction, hardly exhibiting the unity of the Tight Little Isle—which, just because it is a little isle and we a great sprawling continent, has less trouble, it would seem, in cohering under crisis. All this causes my own infinitesimal corner to wax controversial now and then, and sometimes, like most journalists, I am inclined to make sweeping statements. But I was aware that many people now owned shares in our great corporations; and Tom knows that when I said "capital" I did not mean those people. After all, the many small stockholders in a large corporation exercise practically no control over the affairs of that corporation. They may politely be asked to "sit in" at times, to be represented at a board meeting. If any did, they'd be too overawed to venture an opinion. I meant by capital the men in the uppermost income brackets (if we eliminate the Movie Stars!) who, through their money, and hence power, control, or help control, great industrial corporations and public utilities; whose holdings (however democratized corporations may be today) are not small; who wield the power that money can wield; who direct lobbies and pressure groups; whose object is to maintain the social and economic system of the United States for the benefit of the few and for the profit of the few, and not for the benefit of the great majority and the profit of the great majority. If Tom says there are no such Americans now, I can only say that I cannot agree with him, and feel that he sees the picture through the rosy glasses of a too amiable temperament. There are such men as those of whom I speak, and they are powerful. In private life they may be pleasant men, and they are honest enough, because they believe in a country being run for a few. They believe in privilege. I don't believe in any such thing, and I think it is totally un-American. But that is what I mean by Capital. It goes hand in hand with the obstruction of all progress in sociology and economics, because it is afraid that it will lose its preferred position of power. It has taken up the slogan of Free Enterprise because that assures its preferred position.

"It would be nice to wake up tomorrow and find that this statement was what Tom calls Carl Dreher's book, a 'fantasy.' But so long as I hear of the head of a large corporation slicing himself off a huge bonus—for what?—while his workingmen live in working conditions that should be a scandal, I will believe in such men. Such bonuses have been known in the immediate past, and such working conidtions are, unfortunately, known today. It isn't fantasy. And I once took a look at the published figures of incomes in these United States and they sickened me. A very few had enormous incomes and the great majority had incomes upon which, at best, the cost of living

being what it is, they could barely scrape along. What on earth is the world for, if not to enable every one to work, have three square meals a day, and a decent roof over their heads, sound healthy recreation and the opportunity to be property educated? And all that is now humanly possible—for everyone in this country. Tom says that a lot of it has happened here already. (Let us leave out War-time which establishes an unusual set of conditions.) He thinks I am looking entirely too much on the dark side of the picture. Possibly. But from the earliest times that is the only way facts have been brought out into the open, and conditions improved.

"About 'collectivism'? Yes, it is a Nazi and a Fascist product, but also it is (what Tom omitted to say) a Communist product. And it started as a Key-Stone of Socialism. The Nazis and the Fascists merely stole such features as suited them. At this point I shall not add to the current rather acrimonious discussion of Russia and Communism. But Russia is a Communist State, and also our praised and respected ally, and it is obviously collectivist; and if Russia can profitably learn from our ways of democracy (as I believe she can) we can also profitably study how collectivism works, and in what respects it does not work, over there. I myself do not believe in any kind of dictatorship, and I never did believe in, among other kinds, 'the dictatorship of the proletariat.' Insofar as Russia is a dictatorship, I think it is a dangerous form of government. Certain achievements in Russia were accomplished (and there is no argument about this) at a terrific cost in human lives. I do not wish that kind of collectivism in America, and certainly not at that price. I **do** want 'the independence of Americans' preserved. But quite aside from whether Carl Dreher's book is gospel or a lot of hooey (and I myself thought he said some pretty shrewd things), is it too much to ask that this cherished independence of ours cease to be made a cloak for those who would rule America for their own profit and oppose every kind of reform of our processes? The ideals of the New Deal—however faulty the processes may have been in certain respects—have always really been anathema to these — pardon me, Tom! — Big Boys. **Sufficit.**

"As for sitting down to a cool drink with Mr. Lamont at the Coffee House or anywhere, it would be a pleasure. I might not be much help to him in immediately eliminating wars! Perhaps I would modify my opinion of our press. It is pretty much ruled by its advertisers except 'PM', but it also produces some remarkable things, like the reporting of the present war, which is an everlasting tribute to the efficiency and perspicacity of the special correspondent. I should say to Tom, too, right off, that I liked his 'tabled figures,' and that I was glad to have him mention 'the immense corporate income and excess profits taxes that these industries are, **quite properly**, being called upon to pay'* (***boldface** my own.) I should say to him that I realize the necessity of maintaining corporate reserves; but that such a howl has gone up about them, in the midst of a vital war, from the big industrialists, that I have also felt, 'Methinks, they do protest too much!' And I should ask: what is it in our present social philosophy and economic thinking that breeds these devastating wars: what shall we do to be saved? Tom is, I believe, in direct descent from the clergy, and is sincerely interested in what we shall do to be saved. From what? Well, for instance. I suppose anyone would grant that William Allen White is a good American, no wild-eyed Red, a solid citizen—and we know that he at one time backed the Kansas Sunflower. Yet recently I read something he said about big business men in Washington. He said as men they were good fellows and good friends, but that the minute you got them on the subject of their own business and its future they became fierce, fanatical, and ruthless. I'm merely saying what I read, and what Bill White thought. Straws.

"Over and above that, I won't say I love this country—any more than a man would boast in public of how much he loved his mother—but I am part of this country, and it is still The Country of the Great Experiment. I know how much my brother loved this country, who was a far better man than I. And, Boy, how I hate its faults! Which does not mean that I a many 'plarster saint,' as anyone who knows me knows. 'The form and extent of control by the government.' Yes, that is what we shall have to work out. But it will always involve a certain amount of fighting—men being made that way. Tom is a most charming, informed, and amiable man, but when he tells me, 'Let us be careful,' I say, 'No, let us not be **too** careful! Let us be bold. The early initiators and enterprisers were bold. Let us be bold for the future of **all** the people of this country. Let us not be contented with saying how much better the workman over here has lived than have the peasants in Europe. This is a great, strong, rich country with food for all, work for all, homes for all, if we make it so. It is a country that, even as it is, men will fight and die for. Let us make it truly the hope of the whole world.'

"William Rose Benet."

From Washington

(Continued from first page)

grounds which decent Americans hate to discuss.

The facts in the De Gaulle-Giraud controversy are that the American and the British fighting men assume that they will have to do the fighting everywhere that is necessary to crush the Axis. Our propagandists make high sounding phrases about the liberty loving Chinese and the liberty loving Yugo-Slovakians and the liberty loving Poles, and above all, those liberty loving French who did nothing about their liberty but lay down. But the military men, considering that to be just good sport, go right ahead assuming that we and the British will have to do the job. They even go through the form of arming the Chinese and the French - African mercenaries so they will have something to play with, but they have no illusions about the score.

Yet into this situation, a group of American commentators, men who were whooping it up for the war, must come with the insistence that unless our Government deals with men of their selection, it will not be an authentic victory even if we win it!

It is a pretty disgusting situation that has been going on around here for several weeks and the lines, if you will check, are pretty definitely drawn. De Gaulle escaped from France and the British. for propaganda purposes, built him up as representing that great "flame" of a Free French. It was a natural thing to do. With their support De Gaulle built up a great personal propaganda organization. He has propaganda staffs in New York, in Washington. in other places around the globe. They were supported by the British. Now, inasmuch as we are paying all the bill, they are being supported by us. In Washington his staff is housed in pretentious quarters on what is known as Diplomatic Row, Sixtenth St. Writing as one whose ancestry is French, the Allied support of the so-called De Gaulle Movement has been a luxurious setup for the emigre frogs.

Where can they be of use to us? Well, they are being paid to propagandize the French. Our military men who in the actual fighting don't expect any assistance from any of the people they are "liberating"—all they hope is that they won't get stabbed in the back—found that in North Africa De Gaulle was contentious. He has a "movement" and God knows these military men fear "movements" behind their backs.

They particularly fear the movement" which Walter Lippman and his clique are trying to stir up. Without going into the delicate details it is capable of letting loose a storm in North Africa.

The question arises as to whether these men have gone about stirring up this trouble sincerely. The facts are that the newspaper "PM," a journal devoted to spreading only sunshine and happiness, sent a correspondent to North Africa several weeks ago for the purpose of "exposing" our "political blundering" in North Africa. After an investigation he came back and refused to write the "expose." Instead, he wanted to write the truth which was a tribute to our whole diplomatic handling of the situation. His paper would not run this story and he resigned.

Also, Lippman recently wrote a vicious story about Demaree Bess of the "Saturday Evening Post" who had gone to North Africa and had access to the official correspondence dealing with our diplomatic arrangements there. One thing that incensed the majority of the Washington correspondents was his statement that Bess had "sung for his supper." But what is more important to his readers is that Lippman, by distorting Bess' context, gave the impression in some quarters that we had double crossed Giraud. Giraud was here in Washington at the time. You wonder what is the game of Lippman and his clique—the men who wanted the war—whether it is to win it, or to win it on their basis. And they are taking advantage of decent men when they pursue the course they are pursuing—because they would be the first to scream "intolerance."

They have gone so far, this clique, as to represent that our State Department was composed of Fascists and that in their bringing Giraud over here, instead of De Gaulle, we were seeking to undermine the British. The British, they represented, were for De Gaulle. We were seeking to outmaneuver the British in the control of France after the war. All very helpful stuff, of course. But it so happens that Churchill, himself, has sent a memorandum over here, saying, in effect, he is damned tired of paying agitator De Gaulle's way, that De Gaulle has been using the money which Britain gave him, to propagandize against Britain—which means the money we've been giving Britain to pay this money to De Gaulle in the first place.

And in the final analysis, does anyone suppose that either De Gaulle or Giraud will have any appreciable part in the outcome of the war? The answer being no, then what are Lippman and his clique trying to pull off?

Babies, Soil, Work And Bombers

(Continued from first page)

rubber made from alcohol; while the oil men want to sell petroleum. For every ton of rubber made—either from alcohol or petroleum—we are robbing our grandchildren at a criminal rate. This craze for synthetics may easily become an important factor in the downfall of America.

We Need More Manual Workers

I have a great many letters from young people wanting jobs, but very few want to work with their hands except to press the keys of a typewriter or some other machine. As a result, we are getting to an actual shortage of manual workers. The real reason that John L. Lewis has been able to hold up 136,500,000 people is because his union is made up exclusively of manual workers, namely, the miners. No labor union, consisting of those doing work which we can do for ourselves, could hold us up. Hence, we should get back to the soil and be less dependent upon the labor of others.

The simple truth is that all of us were designed to do some manual work in order to live healthy, courageous and useful lives. In the long-run, we people cannot hire others to exercise for us and do all our manual work any more than we can hire others to eat for us, sleep for us or breathe for us. If you want further advice on this subject read the eleventh verse of the fourth chapter of I Thessalonians and the tenth verse of the third chapter of II Thessalonians, which were the first books written for the New Testament. Whether our educational system is to blame for today's dangerous tendencies, I do not know; but they must be corrected or we will end up with John L. Lewis, or someone else who controls manual labor, the dictator of America. Labor union control can be prevented only as we become *less dependent* upon their members.

We Need More Good Bombers

I am no army or navy expert, but I am a statistician. When my Washington friends tell me that one of our bombs will wipe out 50 German buildings, I can reach an important conclusion. For instance, we know how many buildings there are in Germany which if bombed would cause the Germans to surrender. By simple division we know, therefore, how many bombs would be necessary to complete this job and hence how many bombers would be required to make a slaughtering invasion unnecessary at this time.

My Washington friends tell me that we must be prepared to lose from 3 to 5% of our bombers on each successful raid. Hence, it is only a question of making enough bombers and bombs. This we can do. If this would require dropping 300,000 tons in six months it would mean dropping 50,000 tons a month, or 12,000 tons a week. If we must lose a plane for every 50 tons dropped, this would mean a loss of about 6,000 bombers and perhaps 60,000 men in the process of wiping out Germany. To a statistician, it seems a crime to lose the lives of 1,000,000 good Americans in too hasty invasion attempts.

Conclusion

When my associates read this copy they say, "The above four facts are self-evident; but what is needed to bring these changes about?" Well, unfortunately, they cannot be brought about by legislation and I fear education of itself will be unsuccessful. These four great needs require voluntary willingness to sacrifice on the part of all of us for the common good. Only a spiritual awakening can bring this condition about. Hence, only a spiritual awakening can save America.

Building Construction In First Half Of 1943 Totaled $4,300,000,000 Labor Dept. Reports

New construction activity in the continental United States, which amounted to $4,300,000,000 in the first six months of 1943, is expected to decrease to less than $2,500,000,000 for the last half of the year, Secretary of Labor Frances Perkins reports. "Operating under stringent controls and faced with shortages in many lines of materials the construction industry put in place only $753,0000,000 of privately financed work in the first half of the year," she said. "Public construction, with the military and naval and industrial facilities programs nearing completion, totaled approximately $3,600,000,000 in the first six months of 1943 and probably will amount to not much more than half that much in the remainder of the year."

Secretary Perkins further stated:

"Private construction continued the decline started in the last half of 1941 and is expected to drop below $700,000,000 in the last half of 1943. Non-farm residential construction fell to $334,000,000 in the first half of the year and should increase slightly in the last six months. Private nonresidential construction of $73,-000,000 amounted to less than a fourth of the total for the first half of 1942.

"Farm and public utility construction both showed declines as compared with the first half of 1942, although the declines were not so severe as in other types of private construction. Further curtailment of farm and public utility construction in 1943 is not expected to be so great as in other types of private construction.

"Expenditures for Federally financed war housing amounted to $375,000,000 in the first half of the year, an increase of 116% over the same period last year. A 30% decline in war housing expenditures is expected in the last half of the year.

"The $1,100,000,000 of industrial facilities construction was about two-thirds of the total for the first six months of 1942 but only slightly more than one-half of expenditures in the last six months of the year. This program is nearing completion and expenditures for the remainder of 1943 are forecast at $390,000,000.

"Military and naval construction expenditures of $1,600,000,-000, although less than half of the total for the last half of 1942, were only slightly below the total for the first half of 1942. Expenditures of slightly more than $700,-000,000 are expected on this program in the last six months of the year.

"Highway construction expenditures of $192,000,000 were about 42% less than in the comparable period of 1942 and are expected to decline 4% in the last half of the year. Other public construction, including river, harbor and flood control works, TVA projects and public service enterprises such as water and sewage, rapid transit, electric light and power, and pipe lines, increased from $172,000,000 in the first half of 1942 to $216,000,000 in the first six months of the current year. This rise was largely the result of increased activity in the construction of Federally financed pipe lines."

April Home Mortgage Recordings Higher

The Federal Home Loan Bank Administration reports that responding to the normal Spring acceleration of the home financing market, the amount of non-farm mortgage recordings of $20,000 or less rose 15% from the March figure. This is the second successive month, it is pointed out, in which mortgage recordings have shown an improvement over the previous period. The gain, although largely seasonal in character, was sufficient to carry April mortgage activity to a point only 14% below April of last year. The total dollar volume of $308,975,000 was, however, 22% below April, 1941, when recordings were the highest for any comparable month since the inception of the series in 1939.

The announcement further said:

All classes of lenders shared in the upward movement of recordings. Commercial banks and trust companies indicated the greatest proportional rise, 19%, savings and loan associations and mutual savings banks ranked next with rises of 18% and 17%, respectively. Each of the remaining types of institutions exhibited an increase of approximately 10%.

	April 1943				April 1942			Cumulative Recordings January-April		
Type of Lender	Volume (000)	% of Total	% Chg. from Mar. 1943	% Chg. from Apr. 1942	Volume (000)	% of Total	% Chg. from Mar. 1942	Volume (000) 1943	1942	% Chg.
S. & L. Assns	$101,135	32.7	+18.1	— 6.9	$108,582	30.2	+ 8.3	$318,650	$386,202	—17.5
Ins. Cos. ____	24,558	8.0	+10.6	—28.7	34,466	9.6	+ 5.6	84,720	126,724	—33.1
Bk. & Tr Cos	63,385	20.5	+19.2	—22.8	82,082	22.8	+ 5.1	203,484	308,200	—32.0
Mut. Svg.Bks	11,122	3.6	+16.6	—27.4	15,310	4.2	+25.9	36,598	51,400	—28.8
Individuals _	65,807	21.3	+10.3	+ 4.9	62,707	17.4	+ 4.0	225,906	235,445	— 4.1
Others _____	42,950	13.9	+ 9.6	—24.4	56,821	15.8	+ 9.0	151,163	205,250	—26.3
Total ____	$308,957	100.0	+14.7	—14.2	$359,968	100.0	+ 7.2	1026,541	1313,041	—21.8

Cumulative recordings for the first four months of the year were $1,027,000,000. This was about 22% less than in the same month of last year and nearly one-fourth below 1941 totals for comparable months. During the January-April period, savings and loan associations accounted for 31% of the total. Individual lenders ranked second, having recorded 22%, while banks and trust companies were third in magnitude, having recorded 20% of the total for the four months. In all periods prior to 1943, recordings of commercial banks have exceeded those of individuals by a sizeable margin.

Jones Denies Wallace's Charges Of Stockpile Delays: House Group Not To Inquire

The House Rules Committee on July 6 failed to approve the resolution calling for an investigation into the controversy between Vice-President Wallace and Secretary of Commerce Jesse H. Jones. Mr. Jones has declared that he would welcome a Congressional inquiry.

Mr. Wallace had publicly charged on June 29 the Reconstruction Finance Corporation, which is under Mr. Jones's jurisdiction, with obstructing the acquisition of strategic and critical war materials by the Board of Economic Warfare, which the Vice-President heads.

Secretary Jones on July 5 issued a 7,500-word statement of denial of Mr. Wallace's charges, and in a letter to the Senate Appropriations Committee also took exception to Secretary Wallace's allegations.

Mr. Jones denied that the RFC had delayed purchases of war materials but said the BEW had been guilty, if anyone.

James F. Byrnes, Director of War Mobilization, sought on June 30 to compose the differences between the two administration officials but failed in his initial peace-making attempt. Following a White House conference, both principals issued new critical statements. Bernard M. Baruch, Assistant to Mr. Byrnes and Administration adviser, was also reported as active in efforts to straighten out differences of policy between the BEW and the RFC. It was disclosed on July 3 by Milo Perkins, the BEW's Executive Director, that Mr. Baruch "has helped us break log-jams" which had developed when the two agencies had differed over purchases of war materials from abroad.

In Associated Press Washington advices of July 6 the following was reported concerning Mr. Jones's statement:

"He took up one by one the Vice-President's complaints that the RFC had held up BEW purchases of beryllium, cobalt, corundum, tantalum, zirconium and quartz crystal and he denied them all. RFC, in fact, is puchasing 37 different metals and the 29 not mentioned by Mr. Wallace account for 97% of its dollar commitments and 99% by weight, said Mr. Jones.

"Mr. Wallace's statement that Mr. Jones had harassed the BEW's administrative employees, 'is as silly and ridiculous as it is false,' Mr. Jones added.

"He lobbed back at Mr. Wallace the very charge aimed at him, declaring that the BEW had been running around in circles in its purchasing program and resorted 'to methods bordering on the hysterical,' without getting anywhere. He said the board had sent 100 men to Brazil on one assignment alone and added that he thought it would have been handled better if all had stayed home.

"Mr. Jones questioned the validity of an order from Mr. Wallace as President of the BEW which would require the RFC to sign 'without question or inquiry' a contract for foreign purchases. This directive was issued by Mr. Wallace while Mr. Roosevelt was attending the famous Casablanca conference, and Mr. Jones said that its force was open to serious question.

"Stacked against these contentions was a letter by Mr. Perkins to the Senate Committee, accusing Mr. Jones of throwing up a smokescreen.

"'He has not proved and cannot prove that he bought what the Vice-President charged him with not buying,' wrote Mr. Perkins."

Mr. Wallace's charges were noted in these columns July 1, page 20.

Cotton Report As Of July 1

The acreage of cotton in cultivation in the United States on July 1, 1943 is estimated by the Crop Reporting Board at 21,995,000 acres which is 1,307,000 acres or 5.6% less than last year, and 7,513,000 acres or 25.5% less than the 10-year (1932-41) average. Assuming 10-year average abandonment an acreage of 21,576,000 acres is indicated for harvest in 1943. Such an acreage would be smaller than that for any year since 1895.

Reduction in acreage from last year is indicated for all States excepting Mississippi where there was an increase of approximately 2%, and in North Carolina where 1943 acreage is slightly above last year.

Texas shows a reduction of 380,000 acres, Oklahoma 292,000, Georgia 155,000, Alabama 152,000, and Arkansas 101,000. A large part of the acreage decrease in Oklahoma and Arkansas was due to losses from floods during late May and early June. Increases in acreage above last year were confined chiefly to counties in the Mississippi River Delta, where most of the longer staples of upland cotton are produced.

Total acreage planted in the three Western States (New Mexico, Arizona, and California) is 165,000 below that planted in 1942. In Arizona and California considerable difficulty was experienced in harvesting the crop last year. Most of the reduction in New Mexico occurred in the dry land area where rainfall has been deficient throughout the planting season.

The acreage planted to American Egyptian cotton is estimated at 146,400, compared with 192,900 acres planted in 1942. Sea Island cotton acreage, at 3,100, is slightly less than half the 6,700 acres planted a year ago.

June Living Cost Up 0.1%

Living costs of wage earners and lower-salaried clerical workers in the United States continued their upward movement, but at a reduced rate, in June with a rise of 0.1%, according to the National Industrial Conference Board.

The Board's announcement further said:

"Food prices, which have long led the upward movement, rose only 0.1% in June, while sundries moved up 0.4%. Clothing rose 0.1%, while fuel and light declined 0.3%. Housing remained unchanged.

"The Board's index of the cost of living (1923=100) stood at 104.3 in June as compared with 104.2 in May, and 97.4 in June, 1942.

"The level of living costs was 7.1% higher than that of a year ago. Food showed the greatest advance over June, 1942, with an increase of 16.5%. Other advances during the twelve months were: sundries, 2.7%, fuel and light, 2.3%, and clothing 0.6%. Housing declined 0.2%.

"The purchasing value of the dollar, on the basis of 100 cents to the dollar in 1923, which amounted to 96.0 cents in May, declined to 95.9 cents in June. It stood at 102.7 in June, 1942."

President Tells Poles Hour Of Liberation Nears

President Roosevelt told Wladyslaw Raczkiewicz, Polish President-in-exile in London, that he fully shares the view that "our increasing victories are bringing closer the hour of deliverance for the nations of Europe struggling against the brutal invader." Reporting this, Associated Press Washington advices of July 9 further said:

"Replying to a message from the Polish President on American Independence Day, the President declared that 'the Polish people may be certain that their sufferings and unceasing contributions to our common cause will not be forgotten when their hour of liberation strikes.'

"Mr. Roosevelt said he was fully cognizant of what the loss of General Sikorski, Polish Premier, means to the people of Poland and that he was confident they would carry on 'with redoubled efforts their fight against Nazi tyranny, secure in the thought that the high principles of integrity, justice and statesmanship laid down by General Sikorski will be carried on by other leaders.'

"General Sikorski was killed in the crash of an airplane taking off from Gibraltar."

World Organization To Prevent Future Wars Urged By Dr. Wei

Dr. Wei Tao-ming, Chinese Ambassador to the United States, on July 10 called for "an effective world organization" to prevent future wars, Dr. Wei proposed this in an address before the National Maritime Union's convention in New York City.

In the New York "Herald Tribune" of July 11 his remarks were further reported as follows:

After a tribute to the merchant seamen of the United States and all the United Nations "whose heroism, courage and fortitude in this war will be emblazoned across the pages of history," Dr. Wei said: "Everyone realizes that after this war is over, we must build an effective world organization to prevent such destruction and bloodshed from happening again."

The spirit of co-operation and mutual understanding forged on the fields of battle must be carried, Dr. Wei said, into the postwar period "so that a better world will be established, in which there will be freedom for every nation in the world and every man in each nation."

Senate Quits Effort To Ban Subsidies

The Senate on July 8 by a vote of 34 to 33 receded from its effort to ban the Administration's use of subsidies to roll back retail food prices. This reversal of its previous stand cleared the way for final action on the legislation continuing the life of the Commodity Credit Corporation until Jan. 1, 1944 and increasing the latter's borrowing power by $350,000,000. By this vote the Senate instructed its conferees to accept the House-approved measure which did not contain the ban on food subsidy payments.

The Senate had voted 36 to 28 on July 6 to include a prohibition on Governmental payments to processors to cut the retail price of such foods as meat and butter. However, the House refused to accept this Senate amendment to the CCC bill, principally for fear of another Presidential veto.

It is expected that the subsidy issue will be brought up again when Congress returns from its two-month recess on Sept. 14.

House passage of the CCC bill and the President's veto of the previous bill banning subsidies was reported in these columns July 8, page 129.

Nation-Wide Study Of Anthracite Distribution

Another step toward assuring equitable distribution of anthracite was announced on July 8 by Solid Fuels Administrator for War Harold L. Ickes, who stated that he had ordered the industry to report to him immediately where and to whom the approximately 58,000,000 tons of "commercial" anthracite were distributed in the last burning season.

"On the basis of these reports," Mr. Ickes said, "it will be possible to estimate fairly closely the requirements of each community in the anthracite-consuming area and to take into account wartime shifts in population, conversions from fuel oil and other factors. We must have this information available to complete the permanent hard coal distribution program which is now being developed.

"A carefully integrated plan is required to prevent inequities in meeting anthracite requirements next winter because of wartime shifts in distribution."

This will be the first detailed national distribution study of anthracite ever made. Ordered to file reports at the latest by July 26 were the industry's 300-odd producers, wholesalers and dock operators. The study will cover their anthracite distribution during the "coal year" April 1, 1942, to March 31, 1943.

Anthracite is the primary fuel for homes and other domestic uses in the Eastern Seaboard States north of Virginia. Administrator Ickes instituted a temporary program on June 22 designed to maintain fair distribution until a permanent measure can be placed in effect. Under it, producers and wholesalers are directed to distribute their available supplies of coal so that each community receives by September 1, as nearly as possible the amount it received between April 1, 1942, and August 31, 1942, or five-twelfths of the amount it received in the 1942-43 "coal year," whichever is larger.

The reports will show the distribution by sizes of coal, method of transportation and destination of shipments. Tonnage figures will be broken down among the various types of consumers including power plants, railroads, general industry and retail yards. The form of the reports was developed in consultation with industry representatives.

NYSE Borrowings Low

The New York Stock Exchange announced on July 8 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business June 30 was $607,717,152, a decrease of $12,986,410 below the May 29 total of $620,703,562.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1.) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $149,899,347; (2.) on all other collateral, $457,817,805; reported by New York Stock Exchange member firms as of the close of business June 30, 1943, aggregated, $607,717,152.

The total of money borrowed, compiled on the same basis, as of the close of business May 29, 1943, was (1.) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $197,064,147; (2.) on all other collateral, $423,639,415. Total $620,703,562.

U.S. And Iceland Extend Stabilization Agreement

Secretary of the Treasury Morgenthau and Thor Thors, Minister of Iceland, announced in a joint statement on July 1 that the Stabilization Agreement of 1942 between the United States and Iceland, under which the United States Stabilization Fund undertakes to purchase Icelandic Krona to the amount of $2,000,000 for the purpose of stabilizing the United States dollar-Icelandic krona rate of exchange, has been extended for a period of one year beyond June 30, 1943. The Agreement also provides for periodic conferences among representatives of the two countries.

The joint statement added:

"The extension of the 1942 Agreement is in accord with the policy of the Icelandic Ministry of Finance and the United States Treasury of maintaining the stability of the rate of exchange between the currencies of the two countries. In so doing, the foundation for stable economic and financial relations between Iceland and the United States is maintained.

"The extension of this Agreement was signed for Iceland by Mr. Thor Thors, Minister of Iceland."

Selected Income And Balance Sheet Items Class I Railways For April

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for class I steam railways in the United States for the month of April, 1943 and 1942, and the 4 months ending with April, 1943 and 1942.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of April		For the 4 Months of	
Income Items—	1943	1942	1943	1942
Net ry. operat. income	$127,059,362	$101,596,297	$468,119,129	$323,278,276
Other income	12,438,954	11,681,581	48,371,219	46,913,483
Total income	139,498,316	113,277,878	516,490,348	370,191,759
Miscellaneous deductions from income	2,676,434	2,601,047	9,477,606	9,897,570
Income available for fixed charges	136,821,882	110,676,831	507,012,742	360,294,189
Fixed charges:				
Rent for leased roads and equipment	15,131,525	13,722,032	58,955,747	54,605,782
*Interest deductions	35,950,288	37,030,693	145,610,247	148,143,296
Other deductions	120,130	113,850	499,624	469,927
Total fixed charges	51,201,943	50,866,575	205,065,618	203,219,005
Inc. after fixed charges	85,619,939	59,810,256	301,947,124	157,075,184
Contingent charges	2,718,685	2,333,605	9,596,151	9,027,727
†Net income	82,901,254	57,476,651	292,350,973	148,047,457
Depreciation (way and structures and equip.)	26,627,524	20,744,317	106,128,362	77,029,654
Amortization of defense projects	10,318,632	6,293,227	40,665,619	19,663,447
Federal income taxes	122,382,770	53,270,024	426,228,750	141,156,516
Dividend appropriations:				
On common stock	383,082	270,000	23,254,284	19,522,803
On preferred stock	852,990	778,185	6,378,953	5,933,278
¶Ratio of income to fixed charges	2.67	2.18	2.47	1.77

	All Class I Railways Balance at end of April		Class I Railways Not in Receivership or Trusteeship Balance at end of April	
Selected Asset Items—	1943	1942	1943	1942
Investments in stocks, bonds, etc., other than those of affiliated companies	$551,403,963	$464,745,592	$524,441,389	$447,818,210
Cash	1,029,649,859	799,887,773	746,119,898	581,252,125
Temporary cash investments	1,159,891,049	135,598,227	924,915,090	126,500,164
Special deposits	156,729,098	155,450,146	109,996,248	109,248,589
Loans and bills receivable	302,228	1,149,446	279,071	991,919
Traffic and car-service balances (Dr.)	39,586,065	37,979,741	32,194,107	32,548,424
Net balance receivable from agents and conductors	159,719,039	96,473,189	130,546,325	80,531,403
Miscellaneous accounts receivable	535,613,789	267,246,388	420,956,368	211,904,030
Materials and supplies	519,519,230	528,837,930	416,517,277	426,924,818
Interest and dividends receivable	20,625,025	20,122,448	19,085,392	18,318,168
Rents receivable	1,185,568	1,121,418	895,411	869,826
Other current assets	23,584,014	26,527,924	12,240,741	24,768,441
Total current assets	3,646,404,964	2,070,394,630	2,813,745,928	1,613,857,907
Selected Liability Items—				
‡Funded debt maturing within six months	$164,253,103	$93,193,779	$152,103,386	$81,135,385
§Loans and bills payable	16,894,607	17,641,533	2,600,000	3,271,236
Traffic and car-service balances (Cr.)	129,520,445	74,447,178	88,019,635	55,056,605
Audited accounts and wages payable	379,785,852	310,319,848	306,288,228	249,895,434
Miscellaneous accounts payable	82,525,822	52,920,376	58,220,352	35,437,001
Interest matured unpaid	56,728,812	49,440,755	48,980,396	44,478,359
Dividends matured unpaid	2,727,500	2,167,777	2,385,336	1,815,515
Unmatured interest accrued	67,660,389	75,640,487	63,192,158	64,944,149
Unmatured dividends declared	8,213,031	5,445,248	8,213,031	5,445,248
Unmatured rents accrued	27,757,942	26,231,700	24,021,968	23,979,218
Accrued tax liability	1,271,679,019	466,990,745	1,116,998,786	422,070,332
Other current liabilities	68,781,112	56,086,500	46,765,454	43,147,703
Total current liabilities	2,112,274,531	1,137,332,147	1,765,685,344	949,540,800
Analysis of accrued tax liability:				
U. S. Government taxes	1,145,021,729	353,564,411	1,017,756,299	333,824,959
Other than U. S. Government taxes	126,657,290	113,426,334	99,242,487	88,245,373

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: April, 1943, $62,447,149; April, 1942, $47,317,453; for the four months ended April, 1943, $220,109,653; four months ended April, 1942, $125,247,601. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. ¶For railways in receivership and trusteeship the ratio was as follows: April, 1943, 2.60; April, 1942, 1.86; four months, 1943, 2.44; four months, 1942, 1.51. §Includes obligations which mature not more than two yaers after date of issue.

National Fertilizer Association Commodity Price Average Again Lower

There was another decline in the general level of wholesale prices last week according to the commodity price index compiled by The National Fertilizer Association and made public July 12. This index in the week ended July 10 dropped to 134.4 from 134.8 in the preceding week. The index was 135.5 a month ago and 128.9 a year ago, based on the 1926-1928 average as 100. This is the fifth consecutive week the index has registered a decline. The Association's report added:

Last week's decline in the all-commodity index resulted from lower quotations for farm products, foods and textiles, with the general average for all other commodities remaining unchanged. Declines in the cotton and livestock averages more than offset rises in grain quotations and resulted in the farm product index falling to the lowest level reached since February. The recession in the food price average to the March level was due in large part to a drop in prices for potatoes and beans. Declines in the textile group index were caused by lower prices for cotton. For the sixth consecutive week all other group averages comprising the index remained unchanged.

Changes in price series during the week were about evenly balanced, with 5 advances and 7 declines; in the preceding week there were 10 advances and 6 declines; and in the second preceding week there were 6 advances and 6 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week July 10 1943	Preceding Week July 3 1943	Month Ago June 12 1943	Year Ago July 11 1942
25.3	Foods	137.6	138.3	140.4	125.9
	Fats and Oils	145.1	145.1	145.1	137.3
	Cottonseed Oil	159.0	159.0	159.0	159.6
23.0	Farm Products	151.9	152.7	152.7	137.4
	Cotton	199.8	201.0	200.0	189.9
	Grains	149.0	148.1	143.9	113.2
	Livestock	144.0	145.3	146.7	133.5
17.3	Fuels	122.8	122.8	122.8	125.2
10.8	Miscellaneous commodities	130.1	130.1	130.1	128.0
8.2	Textiles	151.2	151.3	151.1	149.1
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.6	152.6	152.6	151.6
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.8
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	134.4	134.8	135.5	128.9

*Indexes on 1926-1928 base were July 10, 1943, 104.7; July 3, 105.0; and July 11, 1942, 100.4.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
July 13	120.64	111.07	119.00	116.61	111.25	99.04	102.96	114.08	117.00
12	120.78	111.07	119.20	116.61	111.25	98.88	102.96	114.08	116.80
10	120.77	111.07	119.20	116.41	111.25	98.88	102.96	114.08	116.80
9	120.73	111.07	119.20	116.61	111.25	98.88	102.80	114.08	117.00
8	120.75	110.88	119.00	116.61	111.25	98.57	102.80	113.89	116.80
7	120.79	110.88	119.00	116.41	111.25	98.57	102.80	113.89	116.80
6	120.87	110.88	119.00	116.22	111.25	98.57	102.63	113.70	116.80
5	EXCHANGE CLOSED								
3	120.78	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
2	120.75	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
1	120.71	110.70	118.80	116.22	111.25	98.41	102.46	113.89	116.61
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
18	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.07	119.20	116.61	111.25	99.04	102.96	114.08	117.00
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago July 13, 1942	118.20	106.74	116.41	113.31	107.98	91.62	95.77	111.44	114.27
2 Years ago July 12, 1941	119.44	107.62	118.20	114.85	108.16	92.06	97.16	111.81	115.04

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
July 13	1.81	3.11	2.70	2.82	3.10	3.81	3.57	2.95	2.80
12	1.80	3.11	2.69	2.82	3.10	3.82	3.57	2.95	2.81
10	1.80	3.11	2.69	2.83	3.10	3.82	3.57	2.95	2.81
9	1.80	3.11	2.69	2.82	3.10	3.82	3.58	2.95	2.80
8	1.80	3.12	2.70	2.82	3.10	3.84	3.58	2.96	2.81
7	1.79	3.12	2.70	2.83	3.10	3.84	3.58	2.96	2.81
6	1.79	3.12	2.70	2.84	3.10	3.84	3.59	2.97	2.81
5	EXCHANGE CLOSED								
3	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
2	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
1	1.80	3.13	2.71	2.84	3.10	3.85	3.60	2.96	2.82
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
18	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.11	2.69	2.82	3.10	3.81	3.57	2.95	2.80
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago July 13, 1942	1.98	3.35	2.83	2.99	3.28	4.30	4.02	3.09	2.94
2 Years ago July 12, 1941	1.89	3.30	2.74	2.91	3.27	4.27	3.93	3.07	2.90

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

NYC Laundry Workers Are Frozen In Jobs

Mrs. Anna M. Rosenberg, regional director of the War Manpower Commission, announced on July 9 that power laundries in New York City had been designated as "locally needed" and essential to alleviate the shortage of workers which has seriously dislocated the industry. In reporting this, the New York "Sun" of July 9 stated:

"She said that the move was made possible by a change of the commission's regulations in Washington, which hitherto had prevented such a designation in Group 4 labor-market areas to which the city belongs. The change was suggested by leaders in the industry, from which there has been a mass exodus of workers to higher paid war plant jobs.

"Mrs. Rosenberg explained that the change will freeze labor in the industry, making workers and employers subject to area stabilization plans. Hereafter a laundry worker will have to have a statement of availability from his present employer or from the United States Employment Service in order to be employed elsewhere. The change applies to power laundries and not to hand laundries. To qualify as locally needed, power laundries are required to operate on a work week of forty-eight hours, to suspend luxury services and to pay a minimum wage rate of 50 cents an hour. An industry agreement was signed last week providing for a 50-cent minimum.

Signs Measure Extending Interstate Oil Compact

President Roosevelt signed on July 7 a resolution extending for four years beyond September 1 the consent of Congress for the operation of the "Interstate Compact to Conserve Oil and Gas."

The House approved the resolution on June 29 and the Senate on July 1.

The compact, executed by the Governors of the States of Kansas, Oklahoma, Texas, Colorado, New Mexico, Arkansas, Louisiana, and Kentucky, was originally entered into in February 1935 and Congress gave its consent in August, 1935. Since that time the compact, with the consent of the Congress, three times has been extended and renewed for two-year periods, the last extension period expiring Sept. 1, 1943.

In a special message to Congress on June 28, the President suggested that Congress sanction this further extension. His message said in part:

"The compact designed to promote State legislation relating to the conservation of petroleum and gas also has resulted in an effective collaboration of the oil producing States which are parties thereto upon oil problems of general import. In view of the worthy purposes of the compact, it is particularly heartening to note that the compact, first ratified by six States, has been ratified by 12 of the States."

Moody's Daily Commodity Index

Tuesday, July 6,	245.3
Wednesday, July 7	245.2
Thursday, July 8	244.4
Friday, July 9	243.1
Saturday, July 10	243.0
Monday, July 12	243.5
Tuesday, July 13	244.2
Two weeks ago, June 29	243.3
Month ago, June 12	245.2
Year ago, July 13	232.4
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Market Value Of Stocks On New York Stock Exchange Higher On June 30

The New York Stock Exchange announced on July 8 that as of the close of business June 30, there were 1,231 stock issues, aggregating 1,468,974,383 shares listed on the stock exchange, with a total market value of $48,876,520,886. This compares with 1,234 stock issues, aggregating 1,469,720,387 shares, with a total market value of $48,437,700,647 on May 29 and with 1,242 stock issues aggregating 1,469,960,158 shares listed on the stock exchange on June 30, 1942, with a total market value of $33,419,047,743.

In making public the figures, the Exchange also said:

"As of the close of business June 30, New York Stock Exchange member total net borrowings amounted to $607,717,152, of which $457,817,805 represented loans which were not collateralized by U. S. Government issues. The ratio of the latter borrowings to the market value of all listed stocks, on that date, was, therefore, 0.94%. As the loans not collateralized by U. S. Government issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

	June 30, 1943 Market Value $	June 30, 1943 Av. Price $	May 29, 1943 Market Value $	May 29, 1943 Av. Price $
Amusement	520,472,405	23.90	525,350,132	24.11
Automobile	4,160,227,612	34.34	3,997,282,018	33.00
Aviation	708,621,466	21.17	708,874,574	21.18
Building	575,751,838	28.05	573,679,851	27.95
Business and Office Equipment	408,900,396	34.67	400,566,035	33.96
Chemical	6,293,992,113	65.99	6,298,708,233	66.04
Electrical Equipment	1,721,853,534	42.53	1,645,323,222	40.64
Farm Machinery	798,978,369	61.00	752,015,171	57.41
Financial	987,591,802	19.74	1,007,513,976	20.10
Food	3,097,627,468	33.12	3,069,205,540	32.87
Garment	46,378,746	27.72	44,568,754	26.63
Land & Realty	33,801,495	6.95	32,247,800	6.63
Leather	230,947,462	27.42	225,860,244	26.86
Machinery & Metals	1,727,115,847	25.25	1,714,815,025	25.07
Mining (excluding iron)	1,418,494,986	24.10	1,481,786,563	25.23
Paper & Publishing	465,962,908	20.66	467,253,597	20.72
Petroleum	5,838,242,179	30.48	5,788,809,610	30.22
Railroad	3,762,983,097	33.46	3,832,456,550	33.76
Retail Merchandising	2,599,426,849	35.69	2,479,514,888	34.05
Rubber	564,199,975	53.30	547,818,406	51.85
Ship Building & Operating	105,939,783	19.20	106,590,534	22.48
Shipping Services	15,483,140	8.98	16,758,347	9.72
Steel, Iron & Coke	2,262,932,273	45.19	2,247,100,550	44.87
Textiles	504,016,183	35.45	476,204,752	33.49
Tobacco	1,271,830,299	47.31	1,247,877,500	46.42
Utilities:				
Gas & Electric (Operating)	2,057,647,718	22.42	2,059,324,026	22.25
Gas & Electric (Holding)	1,067,979,428	11.15	1,046,488,360	10.93
Communication	3,610,447,854	86.30	3,588,785,399	85.81
Miscellaneous Utilities	109,088,432	14.80	113,315,911	15.39
U. S. Cos. Operating Abroad	817,372,254	24.03	811,221,772	23.87
Foreign Companies	952,203,167	23.53	986,906,104	24.39
Miscellaneous Businesses	140,009,808	23.85	143,477,203	24.44
All Listed Stocks	48,876,520,886	33.27	48,437,700,647	32.96

	Market Value $	Average Price $		Market Value $	Average Price $
1941—			1942—		
June 30	39,607,836,569	27.07	July 31	34,443,805,860	23.42
July 31	41,654,256,215	28.46	Aug. 31	34,871,607,323	23.70
Aug. 30	41,472,032,904	28.32	Sept. 30	35,604,809,453	24.20
Sept. 30	40,984,419,434	28.02	Oct. 31	37,727,599,526	25.65
Oct. 31	39,057,023,174	26.66	Nov. 30	37,374,462,460	25.41
Nov. 29	37,882,316,239	25.87	Dec. 31	38,811,728,666	26.39
Dec. 31	35,785,946,533	24.46	1943—		
1942—			Jan. 30	41,410,585,043	28.16
Jan. 31	36,228,397,999	24.70	Feb. 27	43,533,661,753	29.61
Feb. 28	35,234,173,432	24.02	Mar. 31	45,845,738,377	31.20
Mar. 31	32,844,183,750	22.36	Apr. 30	46,192,361,639	31.45
Apr. 30	31,449,206,904	21.41	May 29	48,437,700,647	32.96
May 29	32,913,725,225	22.40	June 30	48,878,520,886	33.27
June 30	33,419,047,743	22.73			

Electric Output For Week Ended July 10, 1943, Shows 14.3% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 10, 1943, was approximately 3,919,398,000 kwh., compared with 3,428,916,000 kwh. in the corresponding week last year, an increase of 14.3%. The output for the week ended July 3, 1943, was 20.1% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended July 10	July 3	June 26	June 19
New England	*0.8	13.0	9.3	8.4
Middle Atlantic	12.0	20.8	19.2	17.7
Central Industrial	9.1	19.5	16.4	16.1
West Central	8.2	16.3	17.2	14.9
Southern States	18.7	28.3	23.5	25.9
Rocky Mountain	11.1	16.6	13.6	12.5
Pacific Coast	19.5	26.6	25.0	27.4
Total United States	14.3	20.1	19.2	19.4

* Decrease from 1942.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Apr 3	3,889,858	3,348,608	+16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,942
May 15	3,969,161	3,356,921	+18.2	3,011,345	1,435,731	1,704,426
May 22	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	3,990,040	3,322,651	+20.1	2,954,647	1,381,452	1,615,085
Jun 5	3,925,893	3,372,374	+16.4	3,076,323	1,435,471	1,689,925
Jun 12	4,040,376	3,463,528	+16.7	3,101,291	1,441,532	1,699,227
Jun 19	4,098,401	3,433,711	+19.4	3,091,672	1,440,541	1,702,501
Jun 26	4,120,038	3,457,024	+19.2	3,156,825	1,456,961	1,723,428
July 3	4,110,793	3,424,188	+20.1	2,903,727	1,341,730	1,592,075
July 10	3,919,398	3,428,916	+14.3	3,178,054	1,415,704	1,711,625
July 17		3,565,367		3,199,105	1,433,993	1,727,225
July 24		3,625,645		3,220,526	1,440,386	1,732,031
July 31		3,649,146		3,263,082	1,426,986	1,724,728

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.3	8.6	7.2	5.0	4.2	5.7
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4
February, 1943	4.7	7.3	6.3	4.4	4.1	5.1
March, 1943	4.5	6.8	6.2	4.0	3.9	4.8
April, 1943	4.5	6.6	5.8	4.1	3.9	4.8
May, 1943	4.3	6.2	5.5	4.0	3.8	4.6
June, 1943	4.2	6.4	5.4	3.9	3.8	4.5

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended July 3 is estimated at 10,350,000 net tons, which compares with 8,172,000 tons in the corresponding period last year, during which latter period output was curtailed by the miners' holiday and the observance of Independence Day. Production in the week ended June 26, this year, amounted to only 4,610,000 net tons because of the nation-wide coal strike which started at midnight on June 20 and lasted for two days before the men started to return to their jobs. For the present year to July 3, soft coal output was 0.2% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended July 3 was 623,000 tons, an increase of 339,000 tons (119.4%) over the preceding week. When compared with the output in the corresponding week of 1942, however, there was a decrease of 324,000 tons, or 34.2%. The calendar year to July 3, 1943, shows a decrease of 1.5% when compared with the corresponding period of 1942.

The Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended July 3 showed a decrease of 7,300 tons when compared with the output for the week ended June 26. The quantity of coke from beehive ovens increased 44,700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
(In Net Tons—000 Omitted.)

Bituminous coal and lignite—	Week Ended July 3 1943	*June 26 1943	July 4 1942	January 1 to Date †July 3 1943	July 4 1942	July 3 1937
Total, incl. mine fuel	10,350	4,610	8,172	290,718	290,138	227,625
Daily average	1,725	768	‡2,043	1,860	1,878	1,465

*Revised. †Subject to current adjustment. ‡Average based on a 4-day working week.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

Penn. anthracite—	Week Ended §July 3 1943	¶Jun 26 1943	July 4 1942	Cal. Year to Date July 3 1943	July 4 1942	July 6 1929
*Total incl. coll. fuel	623,000	284,000	947,000	29,735,000	30,180,000	36,284,000
†Commercial production	598,000	273,000	909,000	28,546,000	28,973,000	33,672,000
Beehive coke—						
United States total	98,500	53,800	132,200	3,893,100	4,191,900	3,497,300
By-product coke—						
United States total	1,150,300	1,157,600	1,193,900	31,901,800	31,149,400	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended June 26 1943	June 19 1943	June 27 1942	June 28 1941	June 26 1937	June Avge. ¶1923
Alabama	59	390	381	375	246	387
Alaska	5	6	5	4	3	**
Arkansas and Oklahoma	43	88	78	20	17	70
Colorado	58	145	126	104	80	175
Georgia and North Carolina	1	1	1	1	††	**
Illinois	670	1,476	1,213	1,074	604	1,243
Indiana	232	505	438	449	246	416
Iowa	31	35	45	43	16	88
Kansas and Missouri	122	164	136	139	72	128
Kentucky—Eastern	288	943	956	998	704	661
Kentucky—Western	179	298	242	207	121	183
Maryland	20	39	41	39	24	47
Michigan	††	7	8	1	4	12
Montana (bituminous and lignite)	73	92	61	49	35	38
New Mexico	23	34	31	23	22	51
North and South Dakota (lignite)	32	31	27	24	12	**14
Ohio	198	682	720	659	416	888
Pennsylvania (bituminous)	775	2,938	2,879	3,035	1,934	3,613
Tennessee	38	130	154	161	98	113
Texas (bituminous and lignite)	2	3	6	7	18	21
Utah	44	107	116	48	34	89
Virginia	175	414	396	405	231	240
Washington	17	31	44	28	30	44
*West Virginia—Southern	947	2,360	2,225	2,366	1,620	1,380
†West Virginia—Northern	492	1,012	891	895	565	856
Wyoming	86	167	108	108	81	104
‡Other Western States	††	1	††	††	††	**5
Total bituminous and lignite	4,610	12,100	11,328	11,322	7,233	10,866
§Pennsylvania anthracite	284	1,345	1,238	1,314	937	1,956
Total all coal	4,894	13,445	12,566	12,636	8,170	12,822

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Roosevelt And Churchill Laud Late Polish Premier

General Wladislaw Sikorski, Premier of the Polish Government and commander-in-chief of the Polish armed forces, was killed in an airplane accident at Gibraltar on July 4. The plane was bringing General Sikorski back to London after an inspection of Polish forces in the Middle East. Fourteen other persons, including the General's only daughter, died in the crash.

President Roosevelt on July 5 said General Sikorski's death was "a severe loss to all freedom-loving people." In a message to the Polish President, Wladyslaw Raczkiewicz, Mr. Roosevelt recalled General Sikorski's several visits to Washington and said he had learned to admire "his integrity, his patriotism and those great qualities of leadership which so fully justified the confidence which you and the Polish people placed in him." The message added:

"His high sense of statesmanship and devotion to the cause of liberty and democracy made him one of the outstanding leaders of our time. His passing represents a severe loss to all freedom-loving people."

Prime Minister Churchill of Great Britain told the House of Commons on July 6 that the death of General Sikorski was "one of the heaviest strokes we have sustained." In paying tribute to the memory of the Polish leader, Mr. Churchill said that General Sikorski had personally directed the movement of resistance of the Polish people to German aggression.

T. R. Gamble To Direct War Bond Drive

Secretary of the Treasury Morgenthau announced on July 2 the appointment of Ted R. Gamble, Assistant to the Secretary, as National Director of the Treasury Department's War Finance Division. In this capacity Mr. Gamble will be in charge of the sale of war savings bonds, and will organize the forthcoming third war loan drive starting Sept. 9. Mr. Gamble has been affiliated with the bond sales organization in Washington since December, 1941, when he became consultant to the Secretary of the Treasury and headed the National War Bond Pledge Campaign.

Immediately following this campaign in May, 1942, Mr. Gamble was appointed Assistant to the Secretary, and was given supervision of the field organizations of the War Savings Staff. Before coming to Washington Mr. Gamble had organized the Treasury's war bond program in Oregon and served as Oregon State Administrator of the War Savings Staff from June to December, 1941.

Strike At Providence Newspaper Plant Ends

At the request of the regional War Labor Board, members of the Providence (R. I.) Typographical Union voted on July 7 to return to work at the Providence Journal Co. plant after a one-day strike.

The work interruption caused the company to suspend publication for July 7 of the "Evening Bulletin" but the vote to return avoided interruption of the daily issue of the morning paper, the Providence "Journal," which has maintained an unbroken record of 114 years of continuous publication. The one-day suspension of the "Bulletin" was its first in 80 years.

The union, an independent, seeks to negotiate a new contract contending that no valid contract exists in view of the company's paying over-the-scale wages to certain compositors.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Declined In June

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation were affected sharply in June by reduced activities at furnaces and mills because of the soft-coal strike, official figures released on June 12 disclosed. In fact, deliveries for June were the smallest for any month since February, 1941.

The total of finished products shipped by the corporation's subsidiaries was 1,552,663 net tons, compared with 1,706,543 tons in the preceding month, a decrease of 153,880 tons. This compares with 1,774,068 tons in June, 1942, a decline of 221,405 tons. For June, 1941, deliveries amounted to 1,668,637 tons.

For the year 1943 to date, shipments were 10,040,016 net tons compared with 10,503,507 net tons in the comparable period of 1942, a decrease of 463,491 net tons.

	1943	1942	1941	1940	1939	1929
January	1,685,993	1,738,893	1,682,454	1,145,592	870,866	1,364,801
February	1,691,592	1,616,587	1,548,451	1,009,256	747,427	1,388,407
March	1,772,397	1,780,938	1,720,366	931,905	845,108	1,605,510
April	1,630,828	1,758,894	1,687,674	907,904	771,752	1,617,302
May	1,706,543	1,834,127	1,745,295	1,084,057	795,689	1,701,874
June	1,552,663	1,774,068	1,668,637	1,209,684	607,562	1,529,241
July	------	1,765,749	1,666,667	1,296,887	745,364	1,480,008
August	------	1,788,650	1,753,665	1,455,604	885,636	1,500,281
September	------	1,703,570	1,664,227	1,392,838	1,086,683	1,262,874
October	------	1,787,501	1,851,279	1,572,408	1,345,855	1,333,385
November	------	1,665,545	1,624,186	1,425,352	1,406,205	1,110,050
December	------	1,849,635	1,846,036	1,544,623	1,443,969	931,744
Total by mos.	------	21,064,157	20,458,937	14,976,110	11,752,116	16,825,477
Yearly adjust	------	------	*42,333	37,639	*44,865	*12,827
Total	------	------	20,416,604	15,013,749	11,707,251	16,812,650

*Decrease.

NOTE—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Bank Debits For Month Of June

The Board of Governors of the Federal Reserve System issued on July 10 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

			—3 Months Ended—	
Federal Reserve District—	June 1943	June 1942	June 1943	June 1942
Boston	3,234	2,854	10,313	8,410
New York	25,688	19,346	80,845	55,803
Philadelphia	2,982	2,553	9,390	7,501
Cleveland	4,501	3,810	13,356	10,922
Richmond	2,343	2,065	6,981	6,039
Atlanta	2,037	1,637	6,057	4,921
Chicago	9,695	7,911	28,841	22,800
St. Louis	1,848	1,651	5,799	4,934
Minneapolis	1,167	926	3,552	2,707
Kansas City	2,144	1,680	6,325	4,735
Dallas	1,784	1,305	5,122	3,825
San Francisco	5,787	4,371	17,091	12,465
†Total, 274 centers	63,208	50,107	193,672	145,062
*New York City	23,595	17,394	74,686	50,402
*140 other centers	34,430	28,292	103,697	81,985
†133 other centers	5,183	4,421	15,290	12,675

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May, 1942.

Steel Operations Slightly Higher — War Output Still Being Jeopardized — Less Cancellations

"Production of steel for the war was still being jeopardized this week in the Pittsburgh district due to uncertain conditions in the coal fields, where roving bands of pickets have been disrupting operations, states the "Iron Age" in its issue of today (July 15), further adding:

"It was estimated that 11,000 miners were idle on July 13, while 14 blast furnaces were down for lack of fuel. Operations at the Clairton by-product coke plant were reduced to about 50% and there was a possibility of a further decline unless coal is received quickly.

"It is now estimated that the series of coal strikes which started last Spring and now are viewed as the worst domestic disaster since the war started, caused the loss of 220,000 tons of steel instead of the 170,000 tons which THE IRON AGE estimated several weeks ago prior to the continuation of the outlaw strikes. Important by-products needed for war have been lost also. The steel-for-victory drive has been hampered definitely. Strategic stock-piles of coal and coke probably cannot be rebuilt to a comfortable level for the duration of the war. No immediate step which will end the troubles at the mines appears to be in sight.

"Demand for fourth quarter steel by claimant agencies is reported to be approximately 22,700,000 tons against a supply of about 17,000,000 tons. Third quarter demand was about 800,000 tons greater than the reported fourth quarter requirements. Third quarter allocations of carbon and alloy steel were 17,500,000 tons.

"Among the headaches in the steel industry last week and this week continued to be the number of CMP carryovers. The amount of orders which steel mills have been allowed to accept is usually 110% of the previous month's directives. The WPB steel quota directives call for 95% completion, which means that the usual number of orders accepted are about 105% of capacity. The carryovers have been building up.

"In order to expedite steel deliveries to small oil producers and to provide for emergencies, pipe mills this week are expected to have built up their share of a total mill stock of 20,000 tons of oil country goods sizes. This is a first part of a plan evolved a few months ago to assure prompt deliveries to small oil producers.

"In Canada as in some western areas of the United States, a labor shortage is creating a serious situation in the base metal mining industry and has curtailed production by many of the Dominion's largest producers. Steel production in Canada for the first five months of this year was off 3.6% from the same period last year, while pig iron output dropped 12%."

The American Iron and Steel Institute on July 12 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.0% of capacity for the week beginning July 12, compared with 96.6% one week ago, 97.8% one month ago and 98.4% one year ago. This represents an increase of 0.4 point or 0.4% from the preceding week. The operating rate for the week beginning July 12 is equivalent to 1,679,700 tons of steel ingots and castings, compared to 1,672,800 tons one week ago, 1,693,600 tons one month ago, and 1,683,300 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on July 12 stated in part as follows: "Mill schedules are becoming so extended in some products that revisions probably will be necessary, to meet most essential needs for the war program.

"Cutbacks during recent weeks have made the trade particularly alert to this possibility. The recent wave of cancellations has subsided but it is appreciated that revisions will be dictated by changes in strategy and the more advanced schedules become the more disruption will follow. It seems certain that during the time covered by long schedules important needs will appear which can be handled only by directives or some other means of revising sequence of orders.

"Additionally, some claimant agencies have lagged in getting allotment numbers and inasmuch as contracts are entered in the order of their receipt some tonnage gets on books that is not as important as later bookings.

"Leading consumers are being asked to review their contracts with the idea of deferring all purchases except those most urgently needed, including tonnages for which they already have allotment numbers.

"Plate mills are booked almost solidly through October, with many orders running well beyond. Bar mills have full schedules for almost four months and in heavy rounds and flats there are large accumulations far beyond that. Sheets are becoming increasingly scarce, with little hot or cold-rolled tonnage available before November and some sellers have little for that month. Wire shipments extend late in the year. Some structural shapes can be taken for late August delivery and some pipe, notably buttweld, is equally available.

"Ingot production for first half at 43,866,912 net tons, set a new record in spite of recent interruptions because of the coal stoppage. However, June production, 7,027,101 tons, showed the effect, being the lowest monthly output since last June, with the exception of February.

"Steel plate production in June was 1,056,085 net tons, compared with 1,114,920 tons in May. The record figure was set in March with 1,167,679 tons.

"Scrap supply is sufficient for current needs, industrial grades and heavy melting steel coming out in good volume. Yards are accumulating considerable tonnage which is not being handled promptly, in view of labor shortage.

"In an effort to stimulate production of Fluorspar, Office of Price Administration has raised the ceiling $5 per ton on all grades, the new range being $30 to $33 per ton, instead of $25 to $28. Of the $5 increase $3.50 is to compensate for higher wages and the remaining $1.50 is to encourage development of new fields. In case the latter result is not achieved this part of the advance may be withdrawn.

"Iron ore shipments from Lake Superior mines continue to lag and the deficit from 1942 tonnage was greater at the end of June than at the close of May. June shipments totaled 11,864,401 gross tons, which was 760,701 tons less than in May, a loss of 6.03%. For the season to July 1 the decrease from 1942 to the same date was 9,158,276 tons, 26.97% compared with a shortage of 8,397,575 tons June 1."

Gates Says Question Of Isolationism Must Be Decided By People Before Peace Talks Begin

The question of isolationism must be decided by the people before military victory is achieved and the peace talks begin, Dr. Thomas S. Gates, President of the University of Pennsylvania, said on July 2, in an address of welcome at the opening of the new school year.

His remarks, as reported in Philadelphia advices to the New York "Times" follow:

"Twice isolationism has failed and now we must ask ourselves whether it will save us a third time.

"That is the decision the people must make before military victory comes and the peace conference begins. That is a question that you must think about, ponder over and discuss among yourselves, because in very truth it affects each and every one of you.

"But whatever course our country may choose, the peace which the world must achieve when victory is finally attained must be a lasting peace, one wrought not with hatred and fear, but built on a foundation of courage and strength, a peace that is flexible to provide for the smaller and weaker groups, and a peace that is tolerant and free from the prejudices that destroy."

FDIC Banks To Act As Depositaries Of Taxes Withheld From Wages

The Federal Reserve Bank of New York through Allan Sproul President began on July 7 distribution of the Treasury regulations governing the payment through depositary banks of funds withheld as taxes in accordance with the provisions of the Current Tax Payment Act of 1943, effective July 1.

All incorporated banks which are insured by the Federal Deposit Insurance Corporation are designated by the Secretary of the Treasury to receive funds withheld as taxes, and any such banks may qualify to act under the designation. Qualification is being accomplished through the Federal Reserve Banks upon the execution of an application and agreement.

Under the regulations, the depositary banks will remit to the Federal Reserve Bank, as fiscal agent of the United States, the entire balance of funds when they are in excess of $5,000. Such remittances, however, will not be made more often than daily, but at the end of each month the entire balance must be remitted. The Treasury circular says:

"At the time of receiving a deposit of withheld taxes the depositary will issue to the employer a receipt therefor in the form prescribed by the Secretary of the Treasury. The receipts will be prepared in triplicate. The original is to be retained by the employer until filed with his quarterly tax return to the Collector of Internal Revenue. The first copy will be sent to the Federal Reserve Bank with the depositary's remittance, and the second copy will be retained as the depositary's record of the transaction."

The announcement also stated that "for the purpose of offsetting additional costs incurred by depositaries in receiving and accounting for deposits of withheld taxes, two alternative methods are provided by which a depositary may purchase 2% Depositary Bonds, Second Series. Under one method the depositary will be permitted to purchase such bonds with its own funds, and under the other method such bonds may be purchased with certain funds placed with the depositary to the credit of the Treasurer of the United States." The amount of 2% depositary bonds which a depositary will be permitted to purchase under either of the alternative methods will be in proportion to the business transacted in the first full calendar month after it begins to accept the deposits. Appropriate adjustments of allotments of these bonds will be considered periodically.

Information released by Guy T. Helvering, Commissioner of Internal Revenue, in Circular WT, copies of which may be obtained from collectors of internal revenue, is to the effect that on or before the last day of each month following the close of each quarter, every employer will be required to make a tax return to the collector of his district, covering the aggregate amount of taxes withheld during the quarter. A Treasury announcement further explained:

"It will be the duty of every employer who withholds more than $100 during the month to pay, within ten days after the close of each month, to a depositary authorized by Mr Morgenthau to receive such payments, all funds withheld as taxes during that month; except that amounts withheld during the last month of a quarter may, at the election of the employer, be remitted directly to the collector with the employer's tax return.

"In making payment to the collector of the amount due as shown on the tax return, the employer must attach thereto receipts, in the form approved by the Secretary of the Treasury, issued by the authorized depositary evidencing payments made to such depositary of funds withheld as taxes.

"The employer who withholds $100 or less during the month may elect either to remit the amount withheld to the collector with his quarterly tax return or to pay it monthly to an authorized depositary.

In Diplomatic Posts

The Senate on July 7 confirmed President Roosevelt's nominations of Ray Atherton of Illinois, to be Minister to Canada; William C. Burdett of Tennessee, to be Minister to New Zealand, and Loy W. Henderson of Colorado, to be Minister to Iraq. The President had submitted these nominations on June 24. Mr. Atherton, although still officially holding his post as Minister to Denmark, has served since June, 1940, as Acting Chief of the Division of European Affairs of the State Department in Washington. He was named to succeed Jay Pierrepont Moffatt, who died last January. Mr. Atherton was also named to serve concurrently and without additional compensation as Minister to the Government of Luxembourg which is now established in Canada.

Mr. Burdett, now a Foreign Service officer of Class I, was nominated to succeed Brig.-Gen. Patrick J. Hurley, who resigned to assume active duty with the Army.

Mr. Henderson, a Foreign Service officer of Class II, was appointed to succeed Thomas M. Wilson, Minister Resident and Consul General in Iraq. The post is being raised to the full rank of Minister.

Wholesale Commodity Index Declines 0.1% During Week Ended July 3

The U. S. Department of Labor announced on July 8 that during the week ended July 3 market prices for livestock and fruits and vegetables declined for the third consecutive week and the Bureau of Labor Statistics' all-commodity index of nearly 900 price series decreased 0.1%. At 103.0% of the 1926 average the general price level was 0.9% below a month ago and 4.6% higher than during the first week of July last year.

The Department's announcement further said:

"Farm Products and Foods. Markets for farm products averaged 0.2% lower than in the week ended June 26 primarily because of seasonally lower prices for fresh fruits and vegetables, particularly apples and potatoes, and for hogs and cotton. Grains advanced nearly 2%, recovering the loss of the previous week, and higher prices were reported for eggs, lemons, hay and onions. Prices of farm products on the average were 20% higher than during the first week of July 1942.

"Prices for foods declined 0.4%, compared with the drop of 1.7% for the week ended June 19 and 0.9% for the week ended June 26. In addition to lower prices for fruits and vegetables, quotations for bacon dropped nearly 7%. Prices for wheat flour averaged slightly higher than a week ago.

"Industrial commodities. There were few changes in industrial commodity markets during the week. Prices for maple flooring, rosin and turpentine showed fractional increases. No important commodity declined in price."

The following notation is made:

During the period of rapid changes caused by price controls, materials allocated, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for June 5, 1943 and July 4, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

WHOLESALE PRICES FOR WEEK ENDED JULY 3, 1943

(1926=100)

Commodity groups—	7-3 1943	6-26 1943	6-19 1943	6-5 1943	7-4 1942	Percentage changes to June 26, 1943 from— 6-26 1943	6-5 1943	7-4 1942
All commodities	*103.0	*103.1	*103.5	*103.9	98.5	—0.1	—0.9	+ 4.6
Farm products	*125.9	*126.2	*127.0	*126.3	104.9	—0.2	—0.3	+20.0
Foods	107.6	108.0	109.0	110.6	99.3	—0.4	—2.7	+ 8.4
Hides and leather products	118.4	118.4	118.4	118.4	118.9	0	0	— 0.4
Textile products	96.8	96.9	96.9	96.9	97.3	0	0	— 0.4
Fuel and lighting materials	81.5	81.4	81.4	81.4	79.5	+0.1	+0.1	+ 2.5
Metals and metal products	*103.9	*103.9	*103.9	*103.9	104.0	0	0	— 0.1
Building materials	110.4	110.4	110.4	110.4	110.6	0	0	— 0.2
Chemicals and allied products	100.2	100.2	100.2	100.2	97.2	0	0	+ 3.1
Housefurnishing goods	104.3	104.3	104.3	104.2	104.5	0	+0.1	— 0.2
Miscellaneous commodities	91.6	91.6	91.8	91.7	90.1	0	—0.1	+ 1.7
Raw materials	*114.0	*114.2	*114.5	*114.1	99.9	—0.2	—0.1	+14.1
Semimanufactured articles	92.7	92.7	92.9	92.9	92.8	0	—0.2	— 0.1
Manufactured products	*99.7	*99.7	*100.0	*100.9	98.9	0	—1.2	+ 0.8
All commodities other than farm products	*98.1	*98.1	*98.4	*99.1	97.2	0	—1.0	+ 0.9
All commodities other than farm products and foods	*96.9	*96.9	*96.9	*96.9	96.1	0	0	+ 0.8

*Preliminary.

Civil Engineering Construction $42,002,000 For Week

Civil engineering construction volume in continental U. S. totals $42,002,000 for the short week due to the Fourth of July holiday. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 90% below the near-record high reported for the corresponding 1942 week by "Engineering News-Record" on July 8 and compares with $60,148,000 for the preceding week. Private construction is 62% below the week last year, and public work is down 90% due to the 67% decline in state and municipal construction and the 91% decrease in Federal volume. The report continued as follows:

The current week's volume brings 1943 construction to $1,868,402,000, an average of $69,200,000 for each of the 27 weeks. On the weekly average basis, 1943 construction is 65% below the $5,524,720,000 for the 28-week period a year ago. Private construction, $230,442,000, is 35% lower than last year, and public work, $1,637,960,000, is down 67% when adjusted for the difference in the number of weeks.

Civil engineering construction volues for the 1942 week, last week, and the current week are:

	July 9, 1942 (four days)	July 1, 1943 (five days)	July 8, 1943 (four-days)
Total U. S. Construction	$401,603,000	$60,148,000	$42,002,000
Private Construction	8,237,000	4,863,000	3,095,000
Public Construction	393,366,000	55,285,000	38,907,000
State and Municipal	8,271,000	5,297,000	2,766,000
Federal	385,095,000	49,988,000	36,141,000

In the classified construction groups, waterworks construction with a gain over the preceding week is the only class of work to increase. All classes of construction are below their respective totals of a year ago. Subtotals for the week in each class of construction are: waterworks, $1,388,000; sewerage, $988,000; bridges, $132,000; industrial buildings, $311,000; commercial building and large-scale private housing, $2,572,000; public buildings, $14,586,000; earthwork and drainage, $456,000; streets and roads, $3,207,000; and unclassified construction, $18,362,000.

New capital for construction purposes for the week totals $5,149,000, an increase of 228% over the 1942 week. The week's new financing is made up of $3,399,000 in state and municipal bond sales, and $1,750,000 in corporate security issues.

New construction financing for the 27 weeks of 1943, $2,915,072,000, is 61% under the $7,800,618,000 reported for the 28-week period last year.

June Department Store Sales Advance

The Board of Governors of the Federal Reserve System announced on July 8 that department store sales, which usually decline from May to June, showed little change this year and the Board's seasonally adjusted index rose from 125 to 129% of the 1923-25 average. Total sales in June were augmented considerably by a buying wave that occurred around the middle of the month when shoppers were endeavoring to purchase shoes before the expiration of ration coupon No. 17 and at the same time purchased other goods.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	June 1943	May 1943	April 1943	June 1942
Adjusted for seasonal variation	129	125	128	104
Without seasonal adjustment	124	125	133	100

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One Week Ending 7-3†	6-26	6-19	6-12	Four Weeks Ending 7-3	6-26	5-26	5-1	Year to 7-3
Boston	+26	+ 9	+13	+19	+16	+ 9	+20	+18	+11
New York	+29	*+ 7	+20	+29	+21	*+14	+17	+11	+ 8
Philadelphia	+36	+ 9	+16	+19	+19	+ 9	+14	+16	+ 8
Cleveland	+36	+18	+26	+25	+26	+13	+16	+ 6	+ 9
Richmond	+38	*+24	+19	+24	+25	+18	+21	+18	+14
Atlanta	+62	+38	+53	+51	+50	+44	+33	+30	+26
Chicago	+35	*+14	+27	+19	+23	*+14	+15	+12	+11
St. Louis	+44	+24	+44	+38	+37	+25	+24	+13	+17
Minneapolis	§	§	§	§	+30	+22	+25	+18	+15
Kansas City	+67	+45	*+56	+49	+54	+39	+37	+34	+35
Dallas	+74	*+47	+61	+81	+65	+55	+47	+44	+42
San Francisco	+55	*+35	+36	+42	+41	+30	+35	+29	+27
U. S. total	+39	+19	+28	+29	+29	+19	+22	+17	+15

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100

1943—		1942—	
June 5	137	June 6	135
June 12	151	June 13	117
June 19	148	June 20	116
June 26	118	June 27	100
July 3	117	July 4	84

*Revised. †The large increases over last year reflect in part the fact that this year stores were open for 6 business days whereas in the corresponding week last year stores were closed on Saturday in observance of the Independence Day holiday. ‡Monthly indexes refer to daily average sales in calendar month; June, 1943, figures estimated from weekly sales. §Not shown separately but included in United States total.

New York Stock Exchange Odd-Lot Trading

The Securities and Exchange Commission has made public a summary for the weeks ended June 19 and 26, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

ODD-LOT SALES BY DEALERS	June 19	June 26
(Customers' Purchases)		
Number of Orders	17,820	16,352
Number of Shares	514,912	474,134
Dollar value	18,396,179	17,724,489
ODD-LOT PURCHASES BY DEALERS		
(Customers' Sales)		
Number of Orders:		
Customers' short sales	154	164
*Customers' other sales	18,106	17,287
Customers' total sales	18,260	17,451
Number of Shares:		
Customers' short sales	4,425	4,782
*Customers' other sales	493,887	468,059
Customers' total sales	498,312	472,841
Dollar value	15,647,049	15,254,065
ROUND-LOT SALES BY DEALERS		
Number of Shares:		
Short sales	230	60
†Other sales	124,530	139,390
Total sales	124,760	139,450
ROUND-LOT PURCHASES BY DEALERS		
Number of Shares	155,520	140,280

* Sales marked "short exempt" are reported with "other sales."

† Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

May Hotel Sales Higher

In its July bulletin, Horwath & Horwath, New York public accountants, report that the total increases in May over the same month of last year exceeded somewhat those in April, and were identical on practically all points with the gains for the year to date. The total sales were up 30% over May, 1942.

The firm supplies the following statistical data:

MAY, 1943, COMPARED WITH MAY, 1942

	Sales, Increase or Decrease *Total	Rooms	Total Restaurant	Food	Beverages	Occupancy May 1943	May 1942	†Room Rate Increase or Decr.
New York City	+36%	+36%	+35%	+34%	+36%	88%	71%	+ 9%
Chicago	+42	+39	+46	+43	+52	93	75	+12
Philadelphia	+49	+38	+63	+50	+83	80	65	+12
Washington	+11	+ 7	+14	+13	+17	86	84	+ 4
Cleveland	+16	+12	+20	+10	+40	88	79	0
Detroit	+33	+27	+40	+44	+35	90	78	+10
Pacific Coast	+41	+50	+37	+37	+37	86	66	+15
Texas	+42	+35	+55	+56	+55	86	73	+14
All Others	+24	+18	+30	+27	+36	83	72	+ 2
Total	+30%	+26%	+34%	+31%	+38%	85%	72%	+ 6%
Year to Date	+30%	+26%	+34%	+31%	+38%	83%	71%	+ 7%
MONTHLY TOTALS FOR LAST SIX MONTHS								
May, 1943	+30%	+26%	+34%	+31%	+38%	85%	72%	+ 6%
April	+27	+24	+29	+27	+33	83	71	+ 6
March	+34	+28	+40	+38	+43	83	70	+ 8
February	+32	+27	+35	+33	+41	82	70	+ 8
January	+28	+23	+31	+28	+37	81	71	+ 6
December, 1942	+28	+23	+28	+27	+32	74	61	+ 5

†The term "rates" whenever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

Lend-Lease To Africa Put At $40 Million

Lend-lease goods valued at $40,000,000 and weighing 170,000 tons were shipped to North Africa from the United States prior to May 31, Lend-Lease Administrator E. R. Stettinius, Jr., reported on June 27, emphasizing that an "extremely high percentage" of the total tonnage had been distributed. This was noted in Washington advices to the "Wall Street Journal" of June 28 which stated that French authorities in North Africa who directed the distribution through normal channels of trade already have paid back $25,000,000 of the amount involved and are arranging to pay the remainder in the near future, the Administrator further reported. In his statement Mr. Stettinius said:

"It has been abundantly proved that the program accomplished several purposes, including winning of good will, inducing the people to stop hoarding and to put their farm produce into circulation, providing the people with an incentive to work for the allied armies and spurring them to produce and make available materials of vital use to the allied nations."

The report recounted that when Gen. Dwight D. Eisenhower led his British-American forces into North Africa he found the economy of the whole country virtually stagnant after two years of Axis looting, and the French and Arab population saturated with Axis propaganda.

The report also stated, according to the Associated Press:

"From a purely military point of view, it was important to win Arab good-will so that the natives would hinder Axis secret agents and paratroopers who might try to cut the Allies' supply line to Tunisia by destroying bridges, railroad tracks and highways. Considerable civilian labor was needed also to augment military personnel in perfecting the Allied supply line. If the Arab natives proved unfriendly, General Eisenhower would have been compelled to use additional divisions of troops in perfecting and guarding his tenuous supply line. . . .

"Lack of imports and Axis siphoning of local goods had stripped the markets. Many shops were closed for lack of wares and those open had little to sell. Even people with plenty of money could buy practically nothing, and there was no incentive to work and earn money, to harvest and sell food crops or carry on other normal business.

"A vital part of the Allied military program was the creation of a Fighting French ally. A reasonably contented civilian population was essential to the creation of this new French army, and a sound local economy was necessary to aid the military effort of the British and Americans."

Penna. Airlines Officers Guests Of NYSE

The common stock of the Pennsylvania-Central Airlines Corp. was admitted to trading July 6 on the New York Stock Exchange, and C. Bedell Monro, President; J. H. Carmichael, Vice-President; Robert J. Wilson, Vice-President and Secretary, and R. G. Lochiel, Treasurer and Comptroller, were guests of the Exchange and were present on the floor when the first transaction of their company's stock took place.

The visiting officers were luncheon guests of Emil Schram, President of the Exchange.

Market Value Of Bonds On N. Y. Stock Exchange

As of the close of business June 30, there were 1,124 bond issues, aggregating $80,999,206,037 par value listed on the New York Stock Exchange with a total market value of $80,704,321,646, the Stock Exchange announced on July 9. This compares with 1,127 bond issues, aggregating $81,479,041,193 par value, listed on the Exchange as of May 29 with a total market value of $81,048,543,830.

In the following table listed bonds are classified by governmental and industrial groups with the aggrgeate market value and average price for each:

Group—	June 30, 1943 Market Value $	June 30, 1943 Average Price $	May 29, 1943 Market Value $	May 29, 1943 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	63,915,414,612	104.52	64,255,029,362	104.30
U. S. companies:				
Amusements	35,118,011	102.25	38,597,448	103.36
Automobile	10,781,617	102.16	10,816,422	102.49
Building	13,809,881	100.73	10,713,470	100.04
Business and office equipment	15,712,500	104.75	15,581,250	103.88
Chemical	76,399,888	104.29	76,662,226	104.51
Electrical equipment	36,775,000	105.07	36,650,000	104.71
Financial	56,638,288	102.87	57,616,413	102.78
Food	234,513,233	105.40	214,608,478	105.54
Land and realty	10,835,551	80.64	10,949,010	81.49
Machinery and metals	37,328,902	101.30	37,569,724	100.74
Mining (excluding iron)	98,528,703	64.54	99,583,782	64.69
Paper and publishing	40,486,946	102.20	41,103,466	101.83
Petroleum	612,102,207	104.63	592,455,674	104.47
Railroad	7,540,242,205	74.71	7,625,095,527	75.15
Retail merchandising	12,258,568	87.65	12,567,681	88.97
Rubber	76,095,865	104.72	75,574,158	104.00
Ship building and operating	11,959,560	104.25	11,844,840	103.25
Shipping services	21,481,377	78.07	20,937,084	76.09
Steel, iron and coke	494,319,333	101.50	492,021,186	101.01
Textiles	38,236,380	105.36	37,792,420	104.13
Tobacco	155,238,588	106.80	154,673,199	106.41
Utilities:				
Gas and electric (operating)	3,382,366,279	109.28	3,361,598,129	108.60
Gas and electric (holding)	96,288,610	104.68	95,099,678	103.38
Communications	1,238,529,222	110.85	1,233,301,839	110.24
Miscellaneous utilities	94,816,086	65.20	91,803,221	63.05
U. S. companies oper. abroad	137,706,305	76.56	138,420,814	76.53
Miscellaneous businesses	31,298,003	105.37	31,292,510	105.35
Total U. S. companies	14,609,867,105	86.79	14,624,929,649	86.76
Foreign government	1,417,833,281	65.41	1,410,184,528	65.04
Foreign companies	761,206,648	89.78	758,400,291	89.31
All listed bonds	80,704,321,646	99.64	81,048,543,830	99.47

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
May 30	52,321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70
Dec. 31	55,033,616,312	94.50	1943—		
1942—			Jan. 30	71,038,674,932	97.47
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64

N. Y. Reserve Bank Index Again Lower In May

The index of production and trade compiled by the Federal Reserve Bank of New York declined 1 point further during May to 124% of estimated long term trend. The group index of production was down 2 points as the continued sharp curtailment of construction work and the reduced output of steel and coal resulting from recent work stoppages more than offset increased production in other industries. On the other hand, shipyards broke all records by delivering 175 ships totaling 1,782,000 deadweight tons.

The Reserve Bank further said:

Retail trade showed mixed tendencies during May. Mail order houses reported a sharp cut in sales, traceable to inventory shortages and inability to offer substitutes on orders placed by mail, and department store sales declined more than usual at this season of the year. Sales of variety chains and grocery chains, on the other hand, showed some increase from reduced April levels.

During the month of June, further strikes in the coal mines brought about losses of output in coal and, to some extent, also in steel. The rising tendency of crude petroleum production was checked during June, but electric power output continued to rise. The Office of Defense Transportation on June 9 extended its system of permits in order to speed shipments on the Great Lakes, which have been hampered by weather conditions, and to divert carriers to ore transportation. Scarcity of livestock in the market and conflicts over price regulations threatened to shut down many small packing establishments. A virtual stoppage of corn shipments as farmers diverted corn to stock feeding, also curtailed operations in corn processing plants.

INDEXES OF PRODUCTION AND TRADE*

100=Estimated Long Term Trend

	May 1942	Mar. 1943	Apr. 1943	May 1943
Index of production and Trade	113	126	†125	†124
Production	121	136	†135	†133
Producers' goods—total	148	173	†171	†169
Producers' durable goods	168	205	†202	†198
Producers' nondurable goods	125	136	†134	†134
Consumers' goods—total	87	88	†87	†87
Consumers' durable goods	45	40	†37	†33
Consumers' nondurable goods	101	105	†104	†105
Durable goods—total	132	157	†154	†150
Nondurable goods—total	111	117	†117	†117
Primary distribution	128	151	†154	†156
Distribution to consumer	85	85	†81	†80
Miscellaneous services	124	163	†169	†170
Cost of Living, Bureau of Labor Statistics (100=1935-39 average)	116	123	124	125
Wage rates (100=1926 average)	136	149	†150	---
*Velocity of Demand Deposits (100=1935-39 average)				
New York City	66	62	83	85
Outside New York City	88	78	89	80

*Adjusted for seasonal variation. †Preliminary.

Indexes for January and February have been revised. The revised figures are available upon request.

Living Costs In Large Cities Up 0.8% In Month Ended May 15, Labor Dept. Reports

While the cost of items making up nearly 60% of the family budget remained practically unchanged in the month ended May 15, a rise of 1.7% in food prices increased the total cost of living for city workers by 0.8%, Secretary of Labor Frances Perkins reported on June 18. "This increase of 0.8% compares with a rise of 1.5% in the month ending March 15 and 1.1% in the month ending April 15," she said. Miss Perkins further reported:

"Great variation in food price changes in different parts of the country was shown as the Bureau of Labor Statistics shopped more than 1,200 stores in 56 cities. New vegetable and fruit crops were coming into local markets and OPA flat price ceilings, which vary by cities, were just becoming effective in mid-May.

"The largest increases in May food prices were for fresh fruits and vegetables, which were up 8%. Prices of chickens continued to rise, with growing scarcity at the retail level in some cities. Sweet potatoes increased 40% in the period, to three times their price of a year ago.

"With this recent rise, food prices as a whole averaged 17% above last May and 46% above January, 1941. In view of the wide regional variations in food prices, the national averages this month naturally do not describe the experience in many individual cities, let alone in individual families. Thus, in the case of fresh fruits and vegetables, changes ranged from an average increase of 24% in a New England city to a decline of 21% in a large Southern city.

"Aside from food, the principal increases were in the cost of services, particularly medical care and barber and beauty shop services. Prices of rayon hosiery had gone down 2% on the average by mid-May, although the new OPA price-quality ceilings were not fully in effect.

"Taking account of all these changes, the cost of living index stood at 125.1% of the 1935-39 average, 7.8% above a year ago and 24.1% above January, 1941, base date for the Little Steel formula."

RETAIL FOOD COSTS IN LARGE CITIES COMBINED*

(Indexes, 1935-39=100)

Commodity Group—	May 18† 1943	Apr. 20 1943	Sept. 15 1942	May 12 1942	Jan 14 1941	Aug. 15 1939
ALL FOODS	143.0	140.6	126.6	121.6	97.8	93.5
Cereals and bakery products	107.6	‡107.5	105.4	105.2	94.9	93.4
Meats	138.3	138.0	130.6	124.3	101.1	95.7
Beef and veal	131.1	130.5	126.0	124.1	109.4	99.6
Pork	125.5	126.0	124.0	123.2	86.1	88.0
Lamb	141.6	138.7	133.7	118.2	98.7	98.8
Chickens	147.6	146.4	133.7	113.4	97.2	94.6
Fish, fresh & canned	201.7	207.0	168.2	150.9	118.7	99.6
Dairy products	136.9	137.1	127.7	123.3	105.1	93.1
Eggs	142.1	141.3	155.2	115.4	97.4	90.7
Fruits & vegetables	190.9	‡179.5	129.7	128.7	93.3	92.4
Fresh	205.8	‡191.2	130.3	130.0	93.4	92.8
Canned	131.2	132.4	123.8	122.7	91.4	91.6
Dried	158.0	157.7	143.4	131.2	99.6	90.3
Beverages	124.5	124.9	123.8	124.6	90.9	94.9
Fats and oils	126.2	126.6	120.7	122.4	80.3	84.5
Sugar and sweets	127.5	128.4	127.0	127.1	95.3	95.6

PER CENT CHANGE

Commodity Group—	4-20-43 to 5-18-43	9-15-42 to 5-18-43	5-12-42 to 5-18-43	6-14-41 to 5-18-43	8-15-39 to 5-18-43
ALL FOODS	+1.7	+13.0	+17.6	+46.2	+52.9
Cereals and bakery prods.	+ .1	+ 2.1	+ 2.3	+13.4	+15.2
Meats	+ .2	+ 5.9	+11.3	+36.8	+44.5
Beef and veal	+ .5	+ 4.0	+ 5.6	+19.8	+31.6
Pork	— .4	+ 1.2	+ 1.9	+45.8	+42.6
Lamb	+2.1	+ 5.9	+19.8	+43.5	+43.3
Chickens	+ .8	+10.4	+30.2	+51.9	+56.0
Fish, fresh and canned	—2.6	+19.9	+33.7	+69.9	+102.5
Dairy products	+ .1	+ 7.2	+11.0	+30.3	+47.0
Eggs	+ .6	— 3.4	+23.1	+45.9	+56.7
Fruits and vegetables	+6.4	+47.2	+48.3	+104.6	+106.6
Fresh	+7.6	+57.9	+58.3	+120.3	+121.8
Canned	— .9	+ 6.0	+ 6.9	+43.5	+43.2
Dried	+ .2	+10.2	+20.4	+58.6	+75.0
Beverages	— .3	+ .6	— .1	+37.0	+31.2
Fats and oils	— .3	+ 4.6	+ 3.1	+57.2	+49.3
Sugar and sweets	— .7	+ .4	+ .3	+33.8	+33.4

*The number of cities included in the index was changed from 51 to 56 in March, 1943, with the necessary adjustments for maintaining comparability. At the same time the number of foods in the index was increased from 54 to 61. †Preliminary. ‡Revisd.

Non-Ferrous Metals — Silver Bill Approved — OPA Lifts Ceiling Prices On Fluorspar

Editor Note.—At the direction of the Office of Censorship certain production and shipments figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of July 8, stated: "Production and labor problems forced OPA to raise maximum prices for all grades of fluorspar on an average of $5 a ton, effective July 1. Part of the advance is earmarked for higher wage rates, with the remainder available for lifting production. The Green bill, aimed at making Treasury silver available for the war program at the equivalent of 71.11c. an ounce, now awaits the signature of the President. Those consumers who will have to switch from 45c. metal to higher-priced silver in producing solder and other materials hope to get some relief through OPA in an upward revision of ceiling prices for their products. Price developments in major non-ferrous metals were lacking last week." The publication further went on to say:

Copper

At the hearings on the Scrugham stockpile bill held in Washington early in the week, it was brought out that the United States is producing approximately 40% of the total supply of copper available to the United Nations. Latin American production supplements that of the United States, making available to the munitions plants in this country 60% of the United Nations' supply. When the war ends, it was declared, stocks of copper will be large, and these should not be dissipated. Ore reserves are limited and are being rapidly depleted.

Transportation of ore from the open-pit mine of Utah Copper halted on July 7 when 125 men operating the Bingham & Garfield Railroad walked out because they insist on being classified as railroad workers instead of mine workers. The labor dispute is expected to be settled quickly.

Lead

August business was booked more freely by producers, and this accounts for an expansion in business during the last week. Sales of common lead for the seven-day period were almost four times that in the week previous. July requirements of consumers have been covered to the extent of 90%. Large consumers of lead are expected to add to their inventories during the summer period, which would be in line with a recent ruling by WPB easing restrictions during the period of lightest traffic on the railroads.

Zinc

Those consumers entitled to receive zinc experienced no difficulty in obtaining supplies. WPB continues to allot the metal for essential needs, and surplus zinc is being stockpiled. The price situation remains unchanged, Prime Western holding on the basis of 8¼c., East St. Louis.

Tin

WPB issued a warning last week against the illegal use of solder in the automotive repair industry.

Tin-plate for can manufacturers may be made in advance because of the seasonal nature of the canning industry, WPB has ruled.

Quotations for tin remain unchanged. Straits quality tin for shipment was as follows:

	July	August	Sept.
July 1	52.000	52.000	52.000
July 2	52.000	52.000	52.000
July 3	52.000	52.000	52.000
July 5		—Holiday—	
July 6	52.000	52.000	52.000
July 7	52.000	52.000	52.000

Chinese, or 99% tin, continues at 51.125c. a pound.

Fluorspar

To increase production, OPA approved general increases of approximately $5 a ton in maximum prices for all grades of fluorspar, affective July 1, 1943. Metallurgical grades are now set at a ceiling $30 to $33 a ton, depending on the grade. Acid and ceramic spar are fixed at $37 a ton, with freight adjustments allowed. The revised regulation continues the exemption of crude fluorspar.

Of the $5 increase, about $3.50 has been authorized to permit absorption of higher wage costs granted by the War Labor Board. The remainder is to go toward encouraging production. The OPA regulation states that in the event that new production is not forthcoming in the degree necessary, the $1.50 portion of the increase may be revoked.

Quicksilver

Promising traces of quicksilver have been found on the island of Ceylon. Exploratory work is now in progress to determine the size of the deposit located in the Kalpitiyu district, according to press advices to Foreign Commerce Weekly.

The price situation in quicksilver remains unchanged. Quotations in New York held at $196 @ $198 per flask.

Silver

The bill, introduced by Senator Green of Rhode Island, releasing Government-owned silver for war purposes, was approved by the House on July 5 without amendment and sent to the President. The measure allows the Treasury to sell or lease silver on the basis of 71.11c. an ounce, providing that it retains in its possession silver equal to the face value of outstanding silver certificates.

On the same day the Celler bill, which would repeal the Silver Purchase Act, was approved by a Ways and Means subcommittee.

Lend-Lease Administrator Stettinius revealed last week that 3,075,000 oz. of silver arrived in the United Kingdom from this country (see page 3).

The London price continued at 23¾d. throughout the week. The New York Official held at 44¾c. an ounce.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Trading On New York Exchanges

The Securities and Exchange Commission has made public figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the weeks ended June 19 and June 12, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended June 19 (in round-lot transactions) totaled 1,728,987 shares, which amount was 15.84% of the total transactions on the Exchange of 5,458,290 shares. This compares with member trading during the week ended June 12 of 1,790,297 shares or 15.72% of total trading of 5,693,460 shares. On the New York Curb Exchange member trading during the week ended June 19 amounted to 360,635 shares, or 13.82% of the total volume of that Exchange of 1,304,490 shares; during the June 12 week trading for the account of Curb members of 427,125 shares was 14.16% of total trading of 1,508,005 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

	Total for Week 6-19-43	†Per Cent	Total for Week 6-12-43	†Per Cent
A. Total Round-Lot Sales:				
Short sales	105,900		94,680	
‡Other sales	5,352,390		5,598,780	
Total sales	5,458,290		5,693,460	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	446,980		446,620	
Short sales	52,740		61,120	
‡Other sales	382,450		413,420	
Total sales	435,190	8.08	474,540	8.09
2. Other transactions initiated on the floor—				
Total purchases	263,190		222,570	
Short sales	10,500		10,240	
‡Other sales	216,130		229,730	
Total sales	226,630	4.49	239,970	4.06
3. Other transactions initiated off the floor—				
Total purchases	196,420		222,870	
Short sales	5,800		7,900	
‡Other sales	154,777		175,827	
Total sales	160,577	3.27	183,727	3.57
4. Total—				
Total purchases	906,590		892,060	
Short sales	69,040		79,260	
‡Other sales	753,357		818,977	
Total sales	822,397	15.84	898,237	15.72

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

	Total for Week 6-19-43	†Per Cent	Total for Week 6-12-43	†Per Cent
A. Total Round-Lot Sales:				
Short sales	8,530		12,010	
‡Other sales	1,295,960		1,495,995	
Total sales	1,304,490		1,508,005	
B. Round-Lot Transactions for the Account of Members:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	106,805		125,005	
Short sales	5,545		6,185	
‡Other sales	106,265		120,915	
Total sales	111,810	8.38	127,100	8.36
2. Other transactions initiated on the floor—				
Total purchases	39,195		47,315	
Short sales	1,500		2,400	
‡Other sales	35,175		48,010	
Total sales	36,675	2.91	50,410	3.24
3. Other transactions initiated off the floor—				
Total purchases	17,105		27,085	
Short sales	600		200	
‡Other sales	48,445		50,010	
Total sales	49,045	2.53	50,210	2.56
4. Total—				
Total purchases	163,105		199,405	
Short sales	7,645		8,785	
‡Other sales	189,885		218,935	
Total sales	197,530	13.82	227,720	14.16
C. Odd-Lot Transactions for the Account of Specialists—				
Customers' short sales	------		25	
§Customers' other sales	51,935		54,824	
Total purchases	51,935		54,849	
Total sales	40,015		47,824	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Daily Average Crude Oil Production For Week Ended July 3, 1943 Increased 52,900 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 3, 1943 was 4,007,800 barrels, an increase of 52,900 barrels over the preceding week and 710,650 barrels per day more than produced in the week ended July 4, 1942. The current figure, however, is 211,100 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of June, 1943. Daily output for the four weeks ended July 3, 1943 averaged 3,979,000 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,905,000 barrels of crude oil daily and produced 10,892,000 barrels of gasoline; 1,232,000 barrels of kerosine; 3,659,000 barrels of distillate fuel oil, and 7,815,000 barrels of residual fuel oil during the week ended July 3, 1943; and had in storage at the end of that week 78,316,000 barrels of gasoline; 8,254,000 barrels of kerosine; 34,380,000 barrels of distillate fuel, and 66,470,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations June	*State Allowables Begin. June 1	Actual Production Week Ended July 3, 1943	Change from Previous Week	4 Weeks Ended July 3, 1943	Week Ended July 4, 1942
Oklahoma	373,500	373,500	†335,500	— 3,950	335,900	376,050
Kansas	300,000	300,000	†280,100	—26,850	298,750	260,100
Nebraska	2,400	------	2,150	— 50	2,100	3,750
Panhandle Texas			90,200	+ 100	90,100	79,500
North Texas			134,300	+ 2,500	132,450	142,550
West Texas			236,100	+ 7,150	230,750	138,550
East Central Texas			125,500	+ 2,000	124,000	74,300
East Texas			350,400	+15,500	338,750	217,600
Southwest Texas			217,600	+ 9,350	209,900	98,450
Coastal Texas			394,300	+14,100	383,700	171,850
Total Texas	1,602,000	‡1,603,709	1,548,400	+50,700	1,509,650	922,800
North Louisiana			85,150	+ 450	85,350	91,350
Coastal Louisiana			250,800	+ 9,950	243,350	218,250
Total Louisiana	330,800	350,550	335,950	+10,400	328,700	309,600
Arkansas	72,800	75,043	75,700	+ 550	75,100	74,100
Mississippi	50,000		55,050	+ 1,950	53,550	83,950
Illinois	246,200		220,550	+12,800	217,850	278,300
Indiana	15,500		13,600	— 900	14,350	18,750
Eastern (not incl. Ill. Ind., Ky.)	88,400		79,750	+ 2,800	78,500	83,000
Kentucky	23,100		20,800	+ 1,000	20,950	11,700
Michigan	58,900		57,500	+ 3,100	56,800	67,100
Wyoming	97,000		86,550	— 5,450	91,650	92,250
Montana	22,300		20,850	----	20,850	21,900
Colorado	7,000		7,000	+ 100	7,050	6,350
New Mexico	105,700	105,700	97,050	— 100	97,100	65,150
Total East of Calif.	3,395,600		3,236,500	+46,100	3,208,850	2,679,850
California	823,300	§823,300	771,300	+ 6,800	770,150	617,300
Total United States	4,218,900		4,007,800	+52,900	3,979,000	3,297,150

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in March, 1943, as follows: Oklahoma, 27,700; Kansas, 5,600; Texas, 105,800; Louisiana, 20,400; Arkansas, 2,500; Illinois, 10,600; Eastern (not including Illinois, Indiana or Kentucky), 9,700; Kentucky, 3,500; Michigan, 100; Wyoming, 2,200; Montana, 300; New Mexico, 5,500; California, 43,400.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. June 30, 1943.

‡This is the net basic allowable as of June 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 14 days, the entire state was ordered shut down for 10 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 10 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 3, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,866	76.4	4,890	31,133	14,131	12,493
Appalachian	177	84.8	145	81.9	404	2,301	1,058	546
Ind., Ill., Ky.	824	85.2	743	90.2	2,505	16,312	4,928	3,123
Okla., Kans., Mo.	416	80.1	339	81.5	1,174	6,229	1,894	1,634
Rocky Mountain	147	55.9	107	72.8	319	1,840	358	664
California	817	89.9	705	86.3	1,600	20,501	12,011	48,010
Tot. U. S. B. of M. basis July 3, 1943	4,825	86.4	3,905	80.9	10,892	†78,316	34,380	66,470
Tot. U. S. B. of M. basis June 26, 1943	4,825	86.4	4,015	83.2	11,092	79,589	34,044	67,960
U. S. Bur. of Mines basis July 4, 1942			3,552		10,798	86,660	33,022	77,401

*At the request of the Petroleum Administration for War. †Finished, 67,818,000 barrels; unfinished, 10,498,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,232,000 barrels of kerosene, 3,659,000 barrels of gas oil and distillate fuel oil and 7,815,000 barrels of residual fuel oil produced during the week ended July 3, 1943, which compares with 1,488,000 barrels, 3,876,000 barrels and 8,126,000 barrels, respectively, in the preceding week and 1,154,000 barrels, 3,591,000 barrels and 6,693,000 barrels, respectively, in the week ended July 4, 1942.

Note—Stocks of kerosene amounted to 8,254,000 barrels at July 3, 1943, against 7,788,000 barrels a week earlier and 9,636,000 barrels a year before.

Commercial Paper Outstanding

Reports received by the Federal Reserve Bank of New York from commercial paper dealers show a total of $159,600,000 of open market paper outstanding on May 29. This was a decline of $19,300,000 from the April 30 total and a decline of $194,600,000 from the May 29, 1942, total. The current total is the smallest since June 30, 1935, when the amount outstanding was $159,300,000. This was the fifteenth successive monthly decline.

Following are the totals for the last two years:

	$		$
1943—		1942—	
May 29	159,600,000	Apr 30	373,100,000
Apr 30	178,900,000	Mar 31	384,300,000
Mar 31	200,600,000	Feb 28	388,400,000
Feb 27	203,100,000	Jan 31	380,600,000
Jan 30	220,400,000	1941—	
1942—		Dec 31	374,500,000
Dec 31	229,900,000	Nov 29	387,100,000
Nov 30	260,600,000	Oct 31	377,700,000
Oct 31	271,400,000	Sep 30	370,500,000
Sep 30	281,800,000	Aug 30	353,900,000
Aug 31	297,200,000	July 31	329,900,000
July 31	305,300,000	Jun 30	299,000,000
Jun 30	315,200,000	May 31	295,000,000
May 29	354,200,000		

Nominate Burgess For ABA Vice-Presidency

The New York State Bankers Association has submitted the name of W. Randolph Burgess, Vice-Chairman of the Board of the National City Bank of New York, as a candidate for the Vice-Presidency of the American Bankers Association, it was announced on May 31 by E. Chester Gerstein, President of the State bankers organization, who is President of the Public National Bank and Trust Co.

Mr. Burgess was President of the New York State Bankers Association in 1940. The election for ABA officers will be held in New York in connection with the Association's War Service Meeting on Sept. 15.

The position assumes more than ordinary importance this year, according to Mr. Gersten, not only because of the Association's war services but also because of the decision of the ABA's executive council to recommend the election of only one Vice-President instead of two as in former years. Mr. Burgess is the first commercial banker from New York State to be proposed for a major elective office in the ABA for several years.

Mr. Burgess's banking experience has been particularly in the field of Treasury financing. He was for a number of years Deputy Governor and then Vice-President of the Federal Reserve Bank of New York in charge of fiscal agency transactions and of open market operations for the Federal Reserve System. He is also a recognized authority on a wide range of economic and financial subjects.

At the outbreak of the Second World War in 1939 he served for two months as special assistant to the Secretary of the Treasury. In 1918 and 1919 he was assistant and acting chief of the statistics branch of the General Staff with rank of major. In 1919-1920 he was statistician with the Russell Sage Foundation. In 1920 Mr. Burgess joined the Federal Reserve Bank of New York, serving as Deputy Governor, or Vice-President, of that institution from the period 1930 to 1938. Since 1938 Mr. Burgess has been Vice-Chairman of the board of the National City Bank of New York.

Mr. Burgess has been President of the American Statistical Association and president of the Academy of Political Science. He is a trustee of Robert College, Teachers College, and the Carnegie Corporation and is a fellow of Brown University. He is also author of a number of publications including "Trends of School Costs," "The Reserve Banks and the Money Market," and "Interpretations of Federal Reserve Policy in the Speeches and Writings of Benjamin Strong," the first Governor of the Federal Reserve Bank of New York.

In the American Bankers Association, Mr. Burgess is Chairman of the Economic Policy Commission. He is an ex officio member of the Executive Council and a member of the special committee on war borrowing.

He is director of the City Bank Farmers Trust Company, the Royal Lieverpool Group of Insurance Companies and a trustee of the Mutual Life Insurance Company. He did postgraduate work at Brown University, McGill University, and Columbia University. Columbia gave him the degree of Ph.D. in 1920, and Brown awarded him the honorary degree of LL. D. in 1937.

Revenue Freight Car Loadings During Week Ended July 3, 1943 Increased 91,262 Cars

Loading of revenue freight for the week ended July 3, 1943, totaled 852,106 cars, the Association of American Railroads announced on July 9. This was an increase above the corresponding week of 1942 of 98,366 cars, or 13.1%, and an increase above the same week in 1941 of 111,747 cars, or 15.1%.

Loading of revenue freight for the week of July 3 increased 91,262 cars, or 12.0% above the preceding week.

Miscellaneous freight loading totaled 386,910 cars, a decrease of 3,050 cars below the preceding week, but an increase of 30,324 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 100,596 cars, an increase of 2,222 cars above the preceding week, and an increase of 18,552 cars above the corresponding week in 1942.

Coal loading amounted to 145,198 cars, an increase of 76,728 cars above the preceding week, and an increase of 24,901 cars above the corresponding week in 1942.

Grain and grain products loading totaled 60,479 cars, an increase of 4,869 cars above the preceding week, and an increase of 18,137 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of July 3 totaled 46,384 cars, an increase of 4,690 cars above the preceding week and an increase of 16,136 cars above the corresponding week in 1942.

Live stock loading amounted to 11,757 cars, an increase of 236 cars above the preceding week, and an increase of 2,242 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of July 3 totaled 8,200 cars, an increase of 236 cars above the preceding week, and an increase of 1,396 cars above the corresponding week in 1942.

Forest products loading totaled 44,618 cars, a decrease of 238 cars below the preceding week but an increase of 187 cars above the corresponding week in 1942.

Ore loading amounted to 89,692 cars, an increase of 8,591 cars above the preceding week and an increase of 3,745 cars above the corresponding week in 1942.

Coke loading amounted to 12,856 cars, an increase of 1,904 cars above the preceding week, and an increase of 278 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding weeks in 1942 and 1941. Both 1942 and 1941 included July 4th holiday.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
Week of July 3	852,106	753,740	740,359
Total	20,949,128	21,817,141	20,591,091

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended July 3, 1943. During this period 91 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JULY 3

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	253	345	503	1,371	1,355
Bangor & Aroostook	969	867	910	173	256
Boston & Maine	6,744	5,610	7,592	14,161	13,935
Chicago, Indianapolis & Louisville	1,271	1,320	1,225	1,850	2,033
Central Indiana	39	27	25	41	57
Central Vermont	1.103	865	1,243	2,479	2,406
Delaware & Hudson	5,932	5,269	2,760	11,619	11,134
Delaware, Lackawanna & Western	7,470	6,622	6,391	10,784	10,031
Detroit & Mackinac	226	231	408	106	127
Detroit, Toledo & Ironton	1,942	1,359	2,320	1,275	1,126
Detroit & Toledo Shore Line	325	255	321	2,374	2,812
Erie	12,804	11,280	13,691	17,721	16,606
Grand Trunk Western	3.878	3,953	5,563	7,629	8,169
Lehigh & Hudson River	200	186	165	2,002	3,426
Lehigh & New England	804	1,784	1,195	1,207	2,344
Lehigh Valley	6,931	7,282	5,964	14,693	13,501
Maine Central	2,454	2,114	2,468	2,285	2,489
Monongahela	5,456	5,208	4,031	351	304
Montour	2,130	1,900	1,432	131	40
New York Central Lines	56,792	44,033	44,846	46,799	52,532
N. Y., N. H. & Hartford	9,885	8,660	9,788	16,724	18,969
New York, Ontario & Western	1,328	834	782	2,095	2,855
New York, Chicago & St. Louis	6,569	6,445	5,868	15,317	16,645
N. Y., Susquehanna & Western	595	315	437	1,585	1,351
Pittsburgh & Lake Erie	7,421	7,117	7,472	8,167	9,379
Pere Marquette	4,728	4,783	5,920	7,443	6,167
Pittsburg & Shawmut	922	562	485	21	32
Pittsburg, Shawmut & North	400	312	316	316	247
Pittsburgh & West Virginia	1,135	782	726	3,669	3,596
Rutland	358	353	488	863	1,071
Wabash	5,577	4,735	5,730	13,489	13,427
Wheeling & Lake Erie	6,254	5,744	5,061	4,881	4,944
Total	162,895	141,152	146,126	213,621	223,366
Allegheny District—					
Akron, Canton & Youngstown	759	674	617	960	1,036
Baltimore & Ohio	41,713	33,759	34,412	29,424	24,108
Bessemer & Lake Erie	6,286	6,592	6,144	1,557	2,665
Buffalo Creek & Gauley	*306	230	151	*4	2
Cambria & Indiana	57	1,516	1,149	7	10
Central R. R. of New Jersey	6,691	5,981	5,552	19,850	19,264
Cornwall	660	659	594	32	55
Cumberland & Pennsylvania	267	215	214	9	16
Ligonier Valley	199	112	69	45	46
Long Island	1,178	601	754	3,470	3,715
Penn-Reading Seashore Lines	1,715	1,426	1,510	2,619	2,439
Pennsylvania System	79,239	76,978	74,155	63,611	60,625
Reading Co.	11,565	12,093	10,945	25,068	26,480
Union (Pittsburgh)	16,351	21,110	19,587	7,581	7,572
Western Maryland	3,974	3,152	3,124	12,121	11,899
Total	170,960	165,698	158,977	166,358	159,932
Pocahontas District—					
Chesapeake & Ohio	28,935	19,304	20,191	12,126	12,616
Norfolk & Western	21,965	14,459	16,933	7,474	7,070
Virginian	4,738	2,669	3,054	2,011	2,083
Total	55,638	36,432	40,178	21,611	21,769
Southern District—					
Alabama, Tennessee & Northern	303	455	306	251	410
Atl. & W. P.—W. R. R. of Ala.	584	620	754	2,817	2,513
Atlanta, Birmingham & Coast	695	881	905	1,089	1,135
Atlantic Coast Line	12,179	10,648	9,105	9,669	9,283
Central of Georgia	3,966	4,671	4,312	4,630	4,201
Charleston & Western Carolina	373	453	579	1,634	1,493
Clinchfield	1,620	1,529	1,318	2,551	2,694
Columbus & Greenville	322	367	408	121	234
Durham & Southern	105	126	175	338	919
Florida East Coast	1,374	912	376	1,800	843
Gainesville Midland	36	40	35	76	208
Georgia	981	1,355	1,064	3,375	2,616
Georgia & Florida	508	467	463	519	432
Gulf, Mobile & Ohio	3,986	3,935	3,447	4,178	4,210
Illinois Central System	26,121	23,719	21,388	18,892	16,614
Louisville & Nashville	25,131	19,791	19,652	11,463	10,978
Macon, Dublin & Savannah	172	184	183	733	836
Mississippi Central	225	190	161	374	599
Nashville, Chattanooga & St. L.	3,071	3,241	3,126	5,201	4,595
Norfolk Southern	2,314	1,520	2,079	1,148	1,885
Piedmont Northern	399	333	394	1,076	1,028
Richmond, Fred. & Potomac	361	474	355	11,078	9,912
Seaboard Air Line	9,950	10,373	8,803	7,341	8,173
Southern System	20,378	21,659	22,156	22,457	23,304
Tennessee Central	1,134	565	461	935	1,040
Winston-Salem Southbound	104	87	141	704	830
Total	114,392	108,595	102,146	114,450	110,985
Northwestern District—					
Chicago & North Western	21,788	19,801	19,712	12,903	12,902
Chicago Great Western	2,404	2,193	2,449	3,105	3,147
Chicago, Milw., St. P. & Pac.	21,727	16,446	19,750	11,753	9,780
Chicago, St. Paul, Minn. & Omaha	3,789	3,263	3,543	3,638	4,282
Duluth, Missabe & Iron Range	8,762	29,507	24,240	342	505
Duluth, South Shore & Atlantic	1,138	835	903	620	450
Elgin, Joliet & Eastern	9,043	9,132	9,653	9,195	10,738
Ft. Dodge, Des Moines & South	449	434	439	83	101
Great Northern	25,952	22,525	22,419	5,967	4,627
Green Bay & Western	420	430	555	868	800
Lake Superior & Ishpeming	1,470	1,630	2,117	35	43
Minneapolis & St. Louis	1,910	1,653	1,733	2,513	2,144
Minn., St. Paul & S. S. M.	7,828	6,385	7,028	2,930	2,772
Spokane International	11,111	8,658	10,191	5,520	4,478
Northern Pacific	121	144	275	571	554
Spokane, Portland & Seattle	2,832	2,003	1,987	3,750	2,837
Total	142,744	125,439	126,994	63,793	60,160
Central Western District—					
Atch., Top. & Santa Fe System	26,743	25,749	26,054	11,915	10,266
Alton	3,270	2,881	3,217	4,086	4,500
Bingham & Garfield	559	712	557	78	103
Chicago, Burlington & Quincy	19,583	13,925	15,803	11,223	9,820
Chicago & Illinois Midland	2,566	2,552	2,566	784	848
Chicago, Rock Island & Pacific	13,376	11,459	13,032	13,338	10,723
Chicago & Eastern Illinois	2,462	2,144	2,450	5,996	5,970
Colorado & Southern	719	687	573	1,711	1,790
Denver & Rio Grande Western	3,813	2,598	1,960	6,204	5,483
Denver & Salt Lake	680	435	387	19	15
Fort Worth & Denver City	1,340	1,499	1,112	2,362	1,232
Illinois Terminal	2,227	1,660	1,916	2,313	2,041
Missouri-Illinois	1,040	1,086	1,065	415	445
Nevada Northern	2,040	2,006	1,729	64	101
North Western Pacific	985	968	653	671	508
Peoria & Pekin Union	15	8	14	0	0
Southern Pacific (Pacific)	32,299	28,825	25,292	14,473	9,828
Toledo, Peoria & Western	202	275	232	1,875	1,555
Union Pacific System	14,883	12,866	14,049	17,134	13,261
Utah	489	458	187	3	45
Western Pacific	2,224	1,619	1,608	3,913	2,635
Total	131,515	114,412	114,456	98,577	79,175
Southwestern District—					
Burlington-Rock Island	835	229	143	248	232
Gulf Coast Lines	5,083	4,154	2,374	2,486	1,839
International-Great Northern	2,138	2,350	2,097	2,896	1,852
Kansas, Oklahoma & Gulf	246	320	248	957	1,129
Kansas City Southern	5,619	4,661	2,465	2,895	2,956
Louisiana & Arkansas	3,766	4,273	1,901	2,980	2,484
Litchfield & Madison	363	231	329	1,288	1,223
Midland Valley	505	588	432	317	211
Missouri & Arkansas	148	124	164	311	360
Missouri-Kansas-Texas Lines	5,842	4,340	4,267	5,950	3,704
Missouri Pacific	19,241	14,596	16,538	17,900	16,397
Quanah Acme & Pacific	192	124	165	247	240
St. Louis-San Francisco	8,433	8,321	7,849	9,521	7,806
St. Louis Southwestern	2,814	2,752	2,321	7,824	6,956
Texas & New Orleans	13,594	10,412	6,541	5,490	4,965
Texas & Pacific	5,044	4,365	3,508	6,930	6,441
Wichita Falls & Southern	83	143	129	28	35
Weatherford M. W. & N. W.	16	29	11	21	21
Total	73,962	62,012	51,482	68,289	58,851

*Previous week's figure.
Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
Apr. 3	172,412	153,030	511,220	85	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93
May 29	151,308	150,504	545,673	95	93
Jun. 5	168,051	141,337	565,291	92	93
Jun. 12	172,437	149,675	586,183	97	93
Jun. 19	136,166	142,865	561,945	95	93
Jun. 26	133,808	145,324	547,301	96	93
July 3	179,835	144,232	580,683	92	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

April Non-Farm Mtg. Recordings Higher

Each type of mortgage lender in April increased its non-farm mortgage recordings over the March total, the Federal Home Loan Bank Admiinstration reported on June 12. All recordings of liens less than $20,000 amounted to $303,957,000 for the month, 15% greater than for March.

The organization's announcement further stated:

"Largely seasonal in character, the increase was sufficient to carry April mortgage activity to a point only 14% below that for April of last year. However, it was 22% less than in April, 1941. Banks and trust companies bettered their March figures by 19%, while savings and loan associations and mutual savings banks gained 18% and 17%, respectively. The other three groups of lenders made increases of about 10%.

"These mortgages largely represent loans for the purchase and refinancing of homes, since all new construction of dwellings has ceased, except for the housing of war workers.

"For the first four months of 1943, mortgage recordings totaled $1,027,000,000, which was 22% less than in the January-April period of last year and nearly one-fourth below 1941.

"The report showed that in the past two years individual lenders have accounted for an increasing share of the total of recordings. In the first four months of 1941, individuals registered 17% of the total. In the same period of 1942 they accounted for 18% and in 1943, for 22%. Banks and trust companies have reported a decreasing share since 1941, dropping from 25% to 20%."

Following are the number and amount of mortgages recorded during April, by type of lender:

	No.	Amount	%
Savings & loan associations	35,099	$101,135,000	33
Insur. cos.	4,642	24,558,000	8
Banks & tr. cos.	19,014	63,385,000	20
Mut. sav. bks.	2,843	11,122,000	4
Individuals	30,421	65,807,000	21
Oth. mortgagees	12,376	42,950,000	14
Totals	104,395	$308,957,000	100

N. Y. Security Dealer Ass'n Elect Morris to Membership

At a meeting of the Board of Governors of the New York Security Dealers Association, David Morris, David Morris & Co., 52 Wall Street, New York, N. Y., was elected to membership in the Association.

The membership of Fitzgerald & Company, Inc., was transferred to Fitzgerald & Co., a co-partnership, with Mr. Vincent Fitzgerald continuing as representative.

Lumber Movement—Week Ended July 3, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 436 mills reporting to the National Lumber Trade Barometer exceeded production by 7.8% for the week ended July 3, 1943. In the same week new orders of these mills were 23.0% greater than production. Unfilled order files in the reporting mills amounted to 113% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 11.6%; orders by 14.8%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 19.8% greater; shipments were 22.4% greater, and orders were 49.4% greater.

Items About Banks, Trust Companies

John F. Flaacke, Assistant Secretary of Chemical Bank & Trust Co. of New York, on July 12 began his 73rd year of continuous service with the bank. In point of service, he is the dean of New York bankers and as far as known, for length of continuous service with one institution, he holds the record for the entire country. Mr. Flaacke was born in New York City on Aug. 22, 1855. He entered the bank's employ on July 12, 1871, during the Presidency of John Quentin Jones, and has served under seven of the ten Presidents which the bank has had in its 119 years of existence. He is Honorary President of the Quarter Century Club of the Chemical Bank & Trust Co. Mr. Flaake was one of the organizers of the Bank Clerks' Building & Loan Co. in 1890 and was also active in organizing the New York Chapter of the American Institute of Banking, of which he was the first Treasurer. He is a member of the Blizzard Men's Club and the Society of Old Brooklynites.

The statement of the Chase National Bank of New York for June 30, 1943, shows deposits of $4,193,-352,000, compared with $4,203,-291,000 on March 31, 1942, and $3,595,451,000 on June 30, 1942. Total resources at the latest date amounted to $4,482,606,000, as against $4,482,656,000 on March 31 and $3,869,464,000 a year ago; cash and due from banks, $943,768,000, compared with $1,025,488,000 and $1,137,399,000 on the respective dates; investments in U. S. Government securities, $2,548,664,000, contrasting with $2,403,236,000 and $1,573,405,000; loans, discounts and bankers' acceptances, $717,909,000, compared with $727,477,000 and $822,753,000. On June 30, 1943, the capital of the bank was $100,270,-000 and the surplus $100,270,000, both amounts unchanged. The undivided profits on June 30, 1943, after deducting $5,180,000 from that account for a semi-annual dividend payable Aug. 2, amounted to $49,842,000, compared with $49,-353,000 on March 31, 1943, and $40,800,000 on June 30, 1942.

S. Sloan Colt, President of Bankers Trust Co. of New York, announced on July 7 that Laurence G. Payson has been elected Assistant Vice-President of the company. Mr. Payson has just completed a year of service as Assistant Executive Manager of the Victory Fund Committee of the Second (New York) Federal Reserve District. Mr. Payson was largely responsible for the internal management of the Victory Fund organization.

After graduating from Princeton in the Class of 1916, Mr. Payson was connected with the American Locomotive Co. He later became President of the Stock Clearing Corp., affiliated with the New York Stock Exchange. He was Chairman of the Graduate Council of Princeton University and served four years as an Alumni Trustee. He is a member of the Council and Chairman of the Finance Committee of New York University. He is a Trustee of the Franklin Savings Bank and until his election to his present post was a Director of the Bank of the Manhattan Co. During World War I, Mr. Payson served with the A. E. F., having enlisted as a private and was commissioned Captain in the Medical Corps in France.

The statement of condition of the Savings Banks Trust Co., which is wholly owned by the savings banks in New York State, shows that as of June 30, 1943, aggregate deposits amounted to $354,944,264, compared with $249,-374,267 at the close of 1942. Total assets amounted to $395,506,004 as against $290,204,963 on Dec. 31, 1942. The total deposits consisted chiefly of $130,752,395 due to New York State savings banks, an increase of about $35,000,000 over the year-end figure, and $220,069,-916 due to the U. S. Treasury, as against $153,290,173 at the end of 1942. Cash due from Federal Reserve and other banks declined to $22,514,128 from $47,187,211 on Dec. 31, 1942. Investment in U. S. Government obligations held by the trust company were $370,918,-785 on June 30. Capital funds were $39,765,520, as against $39,-414,370 on Dec. 31. The trust company acts as depositary for mutual savings banks of New York State and their instrumentalities.

Bankers Trust Co., New York, in its statement of condition as of June 30, reports total resources of $1,475,882,417 and total deposits of $1,347,633,892, compared with $1,-336,854,525 and $1,218,162,690 as of June 30, 1942. Holdings of U. S. Government securities amount to $789,385,550, against $529,591,777 a year ago; cash and due from banks totals $289,234,208, compared with $392,619,699, and loans and bills discounted to $308,417,-549, against $315,927,282. Capital is unchanged from a year ago at $25,000,000, but surplus has been increased to $75,000,000 from $50,-000,000 on June 30, 1942, and undivided profits total $22,515,492 against $37,612,292 last year. The bank's directors voted in June to transfer $25,000,000 from undivided profits to surplus account, to transfer $7,000,000 from general reserve to undivided profits and to write down the book value of its banking premises by $2,000,000. The bank had net operating earnings for the first six months of 1943 of $4,711,938—operating earnings having amounted to $10,697,-957 and operating expenses to $5,986,018.

John W. White, Vice-President and General Manager of Westinghouse Electric International Company, has been elected a director of Pan American Trust Company.

The East River Savings Bank of New York announces the election of Bruce Barton and Douglas Gibbons to the Board of Trustees. Mr. Barton, President of Batten, Barton, Durstine & Obsorn, Inc., is a Director of the State Street Investment Corporation. He was recently elected Chairman of the Board of the Advertising Federation of America.

Mr. Gibbons, President of Douglas Gibbons and Company, Inc., is a Trustee of the Title Guarantee and Trust Co.; Director, Northern Insurance Co.; Vice-President, Lincoln Building Corp.; Director, New York Dock Co.; Director, American Red Cross, New York Chapter, and a member of the Council of Boy Scout Foundation of Greater New York.

Clinton Trust Company of New York reports that deposits of the bank on June 30, 1943 increased to $14,498,202, compared with deposits of $13,077,208 on March 31, 1943 and $10,706,797 on June 30, 1942. Total assets of the bank increased to $15,658,950 at June 30, 1943 from $14,263,728 on March 31 of this year, and $12,068,361 a year ago. Surplus and undivided profits of the bank totaled $457,-444, against $425,193 three months ago, $400,000 on June 30, 1942. Loans and discounts totaling $2,-792,818 at June 30, 1943, compared with $2,239,967 three months before and $2,966,953 a year ago. Capital stock of the Clinton Trust Company remained unchanged at $600,000. United States Government, State and Municipal bonds totaled $6,770,882 on June 30, 1943, against $6,409,994 on March 31 and $3,702,539 on June 30, 1942. Cash on hand and due from banks was $3,833,724, compared with $3,473,-645 three months earlier and $3,-433,231 a year ago.

The Brevoort Savings Bank, Brooklyn, N. Y., has received authorization from the State Banking Department to open a branch office at 465 86th St.

Harry M. Dent, President of the Durez Plastics & Chemicals Inc., North Tonawanda, N. Y., has been elected to the Board of Directors of the Marine Trust Co., Buffalo. Mr. Dent is also a Director of the First Trust Co. of Tonawanda.

The Philadelphia National Bank, Philadelphia, reports in its statement of condition as of June 30, 1943, total deposits of $722,821,102 and total resources of $780,916,341 compared with deposits of $703,-038,134 and resources of $759,-239,931 on March 31, 1943. In the current statement, cash and due from banks amounts to $193,367,-810, as against $205,037,384; holdings of U. S. Government securities, $452,309,070, compared with $406,817,692, and loans and discounts to $78,672,247, against $84,-197,020. Capital stock and surplus are unchanged at $14,000,000 and $21,000,000, respectively, but undivided profits now total $13,482,-162, compared with $13,146,968 at the end of the first quarter of 1943.

Shareholders of the Grays Ferry Building and Loan Association, Philadelphia, have approved absorption of the 45-year-old organization by Home Builders Building and Loan Association, it was announced July 6. The plan was approved by the State Banking Department. The merger, it is stated, increases the assets of Home Builders to $470,000 and dollar volume of mortgage loans to $355,000.

Frederick C. Dreyer, Assistant Treasurer of the Maryland Trust Co. of Baltimore, died on July 5 at his home in Baltimore. He was 75 years old. The following regarding his career is from the Baltimore "Sun" of July 6:

"Mr. Dreyer began his banking career with the old Merchants National Bank. Later he moved to the National Union Bank as Cashier. When the Continental Trust Co. was organized in 1899 Mr. Dreyer was appointed Treasurer.

He was appointed Assistant Treasurer of the Maryland Trust Co. in 1930 when the company merged with the Continental Trust."

Richard A. Connett has been appointed an Assistant Treasurer of the Guardian Bank and Savings Co., Cincinnati. Mr. Connett, who has been with the bank 14 years, was formerly Manager of the Commercial Department.

The Board of Directors of the Mid-City National Bank, Chicago, has been increased to 13 by the election of Armand F. Bastien, Vice-President and Treasurer of John P. Harding Market Co., and Edward H. Ball, President, Chicago Belting Co. According to the Chicago "Journal of Commerce" the company also announced an increase in the surplus account to $300,000, this being accounted for by a transfer of $50,000 from undivided profits.

The statement of condition of the First National Bank in St. Louis, as of June 30, 1943, showed total deposits of $350,604,100, comparing with $339,580,214 on Dec. 31, 1942. The statement also shows total resources of $373,750,643, against $361,651,665 six months ago. Holdings of U. S. Government securities are $186,092,352, compared with $165,255,891; loans and discounts, $84,812,166, against $74,992,279, and cash and due from banks, $87,558,740, compared with $103,614,815. Capital is unchanged from six months ago at $10,200,-000, while surplus and profits on June 30 are given as $10,579,520, after providing $480,000 for the Aug. 31 and the Nov. 30, 1943, dividends, as compared with $10,-288,735, after making provision for the Feb. 27, 1943, dividend of $240,000.

The Commerce Trust Co., Kansas City, Mo., reports in its statement of condition as of the close of business June 30, 1943, total resources of $332,170,909 and total deposits of $317,250,565, compared with $321,543,567 and $307,314,706, respectively, on Dec. 31, 1942. Cash and due from banks is reported at $113,372,069, against $107,848,252 six months ago; holdings of U. S. obligations (direct and fully guaranteed), $134,361,-016, compared with $125,956,020; and loans and discounts of $56,-792,468, against $57,109,333. The trust company's capital and surplus are unchanged at $6,000,000 and $4,000,000, respectively, but undivided profits in the latest statement total $4,553,934, compared with $4,043,304 on Dec. 31, 1942.

Marshall B. Hall, Vice-President and Director of the Adams-Millis Corporation, High Point, N. C., has been elected Vice-President of the Trust Company of Georgia, Atlanta, it is announced by Robert Strickland, President of the bank. Mr. Strickland also announced the appointment of Robert B. Kimsey as Assistant Secretary and of Garnett O. Wood as Auditor. Mr. Hall had been associated for many years with New York banking institutions—the old National Bank of Commerce from 1915 to 1929 and the Guaranty Trust Co. from 1929 to 1941. He became connected with the Adams-Millis Corp. in the latter year. Mr. Kimsey has been connected with the Trust Co. of Georgia since 1927, while Mr. Wood's association dates back to 1922. According to the Atlanta "Constitution," Mr. Hall will assume duties in the Commercial Banking Department of the Trust Company of Georgia and will have direct supervision of the company's business in the industrial areas of North Carolina and South Carolina. Mr. Wood succeeds to the duties of L. L. Davis, Assistant Secretary, who will devote his entire time to direction and supervision of tax matters for the company.

The Directors of the Midland Bank, Ltd., London, recently announced the election of Clarence T. A. Sadd, Chief General Manager, to membership on the Board. Mr. Sadd, who has been connected with the Midland Bank since 1898, has also been elected to the Board of the Midland Bank Executor and Trustee Co., Ltd.

NY Curb Trading Ahead Of Year Ago

The New York Curb Exchange states that while the pace of stock trading during the six-and-a-quarter months of this year is not comparable with the hectic sessions of 14 years ago nor the halcyon days of more recent memory, most of the brokerage fraternity consider it quite satisfactory. Supplemental opinion, unanimously expressed, the Exchange's announcement says, is that attention to a wider group of stocks—"peace" as well as "war" issues—is indicative of a growing public awareness of securities as investments; a healthy condition which they welcome more readily than the erratic speculative interest. Their more farsighted colleagues add the interpretation that increased public participation points up a new or revised public opinion of securities which augurs well for the future of the securities industry.

The Curb Exchange announcement further said:

"A most striking illustration of the expanded interest in stock trading is readily apparent at the New York Curb Exchange where the volume of shares traded in the 155 business days of 1943 was more than twice as large as the total turnover reported for the 301 trading sessions of last year, and substantially ahead of the total volumes scored on that Exchange in 1941 and 1940. Present volume is also but 1,000,000 shares away from the 1939 figure and about 5,000,000 under the turnover for 1938.

"Since the beginning of the current year, 44,863,672 shares have changed hands as compared with 22,305,690 shares in 1942; 34,656,354 in 1941; 42,928,377 in 1940; 45,729,888 in 1939; and 49,-640,238 shares in 1938. Volume in 1937 was 104,178,804 shares. Trading on the Curb Exchange in as the 90 sessions through April 19 brought the volume to a total that was 213,762 shares in excess of the 1942 business. In the 65 sessions since then, 23,344,220 shares were traded.

"In May of this year, 11,202,975 shares changed hands, setting a six-year record for such a period and marking the best May in ten years.

"A comparison of the monthly totals through June for 1942 and 1943 shows an increase for the current year of 386%.

	Shares 1942	Shares 1943
January	2,096,415	3,591,161
February	1,380,255	5,581,711
March	1,782,300	7,990,045
April	1,359,152	8,498,660
May	1,124,606	11,202,975
June	1,196,948	6,643,135
Total shares	8,939,676	43,507,687

"Based on the present rate of turnover, volume for 1943 will be the largest in six years."

Chiang Urges Allies Strike Now Against Japs

Generalissimo Chiang Kai shek, in a message to the peoples of the United Nations, urged on July 7 an immediate large-scale Allied offensive against Japan because the present is the most opportune moment "to reap great results within a relatively short span of time."

On the occasion of the sixth anniversary of Japan's attack on China, Gen. Chiang asserted Japan now "is at her weakest as her ready resources are approaching a point of exhaustion."

"Should we let her have further respite to complete impregnable defense and to wage a long drawn-out war with us," he added, "the time and price the Allies will have to pay to defeat her will be many times longer and heavier than what are required today."

In Associated Press Chungking advices, the following was also reported:

Gen. Chiang, who told his own people in another message that the time limit for utter defeat of the Japanese invasion armies "cannot exceed two years," urged full support of the Roosevelt-Churchill agreement to "wage the war on the Japanese and European fronts with equal power."

"In the execution of this strategy," he promised, "our Allies can count upon the determination of the Chinese army to contribute whatever is within their power and to make whatever sacrifices necessary. . . ."

Gen. Chiang ruled out any "negotiated peace," insisted it should be one "seeking the emancipation of entire mankind," and declared:

"The United Nations should set up at the earliest possible moment joint machinery for the winning of the peace as well as the efficient prosecution of the war.

"To safeguard international justice and collective security and to insure the successful functioning of democratic governments after the war, there must be a post-war world organization with the solid backing of an international force."